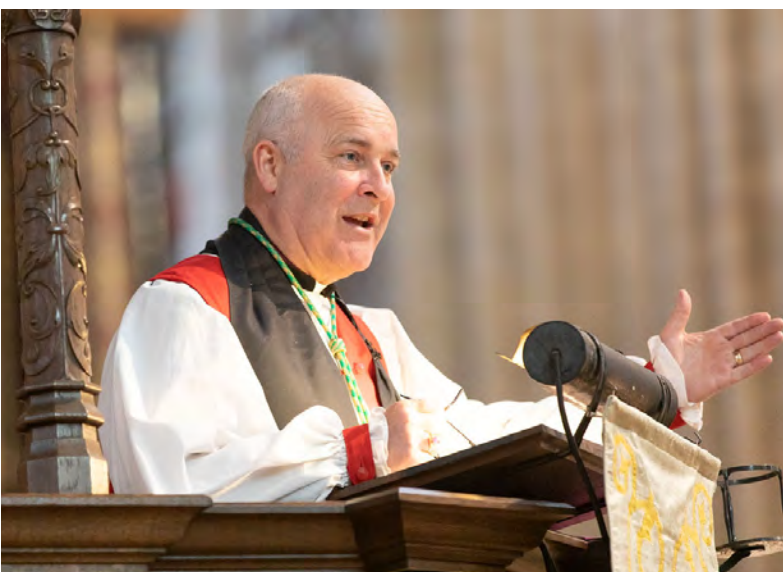




The Archbishops' Council

Annual Report and Financial Statements
for the year ended 31 December 2021





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Annual Report and Financial Statements

for the year ended 2021

Registered Charity Number 1074857



Pictured: *Field of Light installation,
Chichester Cathedral.
Photo credit: Jakub Bors.*

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Presidents' Foreword



Our annual report for 2021 focuses on the central role played by the Archbishops' Council in supporting the mission and ministry of the Church of England, during a year entwined in the uncertainty of the Covid-19 pandemic, beginning in lockdown, and ending in renewed restrictions following the omicron variant.

We are extremely grateful for all that was done throughout the year across the whole church – for the extraordinary service given by clergy, and laity to support their communities. The Church of England, through its presence in every community continued to play a vital role across the country through the steadfast and wonderful work in parishes and broad range of chaplaincies – a bedrock of faith, witness, hope and compassion.

The Council remained committed to enabling churches to be equipped

to make and sustain disciples, of encouraging vocations to lay and ordained ministry, aimed at ensuring the Church continues to be a growing church for all people, in all places, serving the common good and bringing more people to Jesus Christ. We have seen the biggest rise in ordained and lay vocations for a quarter of a century. This is being supported by additional national funding towards the cost of ordination training and curacies.

Our vision and strategy continues to be focused on growth – a vision of new church communities alongside and emerging from established and renewed parishes; a vision of a younger and more diverse church, of missionary disciples - with a simpler, humbler and bolder outlook for the future. In 2021, consultative work looking at focusing resources where they are most needed continued in collaboration with the Archbishops' Council. The

vision remains that of a church that is centred on and shaped by Jesus Christ.

As we invited everyone in our nation to join us in daily prayer, resources were made available, to mourn those who have died and to give thanks for those who have looked after us and our communities. Remembrance Services in our churches and cathedrals across the country took on additional significance for people coping with bereavement, as we hit the tragic milestone of 100,000 deaths from Covid-19 in 2021. To mark the season of remembrance, special resources for people to pay tribute were created, and churches and cathedrals tolled a bell to mark the day of national reflection.

Through the work of every part of the Church, we are called to live out the love of Christ towards our neighbour – a command at the

heart of the Christian message. As we continue to play our part to eliminate racism, the Archbishops' Anti-Racism Taskforce published its final report *From Lament to Action* ahead of the formation of the Archbishops' Racial Justice Commission. In 2021, the Archbishops' Council agreed 34 recommendations directed by the Taskforce – including the establishment of a Racial Justice Unit within the Council. And in mission we are working to implement the *Coming Home* report published in February, on the housing crisis with homes that are sustainable, safe, stable, sociable, and satisfying.

The Church of England, at the heart of local communities, will continue to strive for the common good, educating one million children, providing 35,000 social action projects, supporting the most vulnerable, and sharing Christ's love

with all. We give our heartfelt thanks for the prayers and the hard work of those who we work alongside in helping to achieve so much.

We pray that God will continue to bless and guide us all to continue to build a growing Church, as we work to support the Church of England's mission to see the Gospel lived and proclaimed in word and deed. We look ahead to 2022 with conviction, hope, faith, and prayer – encouraged and inspired by the life, death, and resurrection of Jesus Christ.



Justin Cantuar:

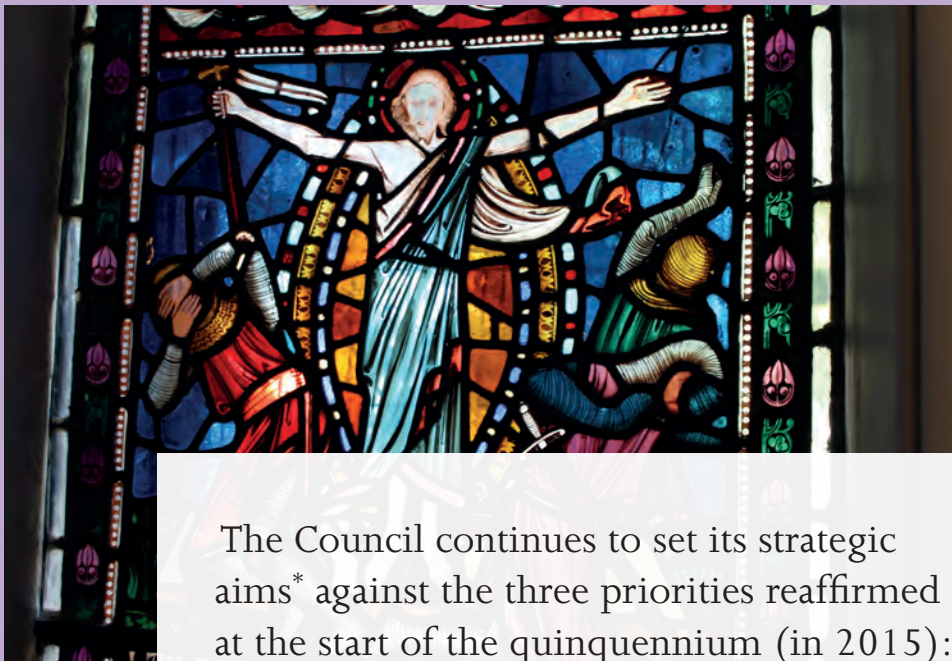


Stephen Ebor:

The Archbishops' Council

The Council was established under the National Institutions Measure 1998

to provide focus for leadership and executive responsibility and a forum for strategic thinking and planning.



The Council continues to set its strategic aims* against the three priorities reaffirmed at the start of the quinquennium (in 2015):

- 1 Contributing to the common good;
- 2 Promoting the spiritual and numerical growth of the Church;
- 3 Seeking to re-imagine, reshape and re-energise lay and ordained ministry.

*The Council has since revised its objectives for the period from 2022 – see page 34.

The Council's Objectives

The Council's statutory object is to:

Coordinate, promote, aid and further the work and mission of the Church of England.

Set against its three priorities (see previous page) the Council sought in 2021 to do this through its nine objectives*, explored in detail in the pages that follow.

- | | |
|-----------------|------------------------------|
| 1. Evangelism | 5. Education |
| 2. Discipleship | 6. Resources for the Church |
| 3. Ministry | 7. Safeguarding |
| 4. Common good | 8. Governance for the Church |
| | 9. A Church for All People |



* For 2022 and subsequent years, the Council has set new objectives, based on the Church's overall Vision and Strategy (see page 34).

Financial Summary

These graphs show the breakdown of 2021 income and expenditure for the Archbishops' Council. The work of the Archbishops' Council is principally resourced by contributions from Church of England dioceses and funds made available to it by the Church Commissioners. Under the terms of the National Institutions Measure 1998, the Council distributes money made available by the Church Commissioners each year to support ministry and mission in the dioceses. Resources expended are shown and analysed against the Council's current nine objectives.

The Church Commissioners and Archbishops' Council prepare joint three-year spending plans. In 2019 the Triennium Funding Working Group, with members from the House of Bishops, Archbishops' Council and Church Commissioners, advised on how funds expected to be available from the Church Commissioners should be most effectively distributed in 2020-22, informed by three priorities agreed by the House of Bishops:

- Investment in recruiting and training new ministers – helping dioceses deliver the Church-wide goal of increasing the number of ordinands by 50%.
- Supporting dioceses in making strategic investment in change programmes designed to produce 'good growth'.
- The continuation of specific funding to help dioceses to support mission in lowest income communities.

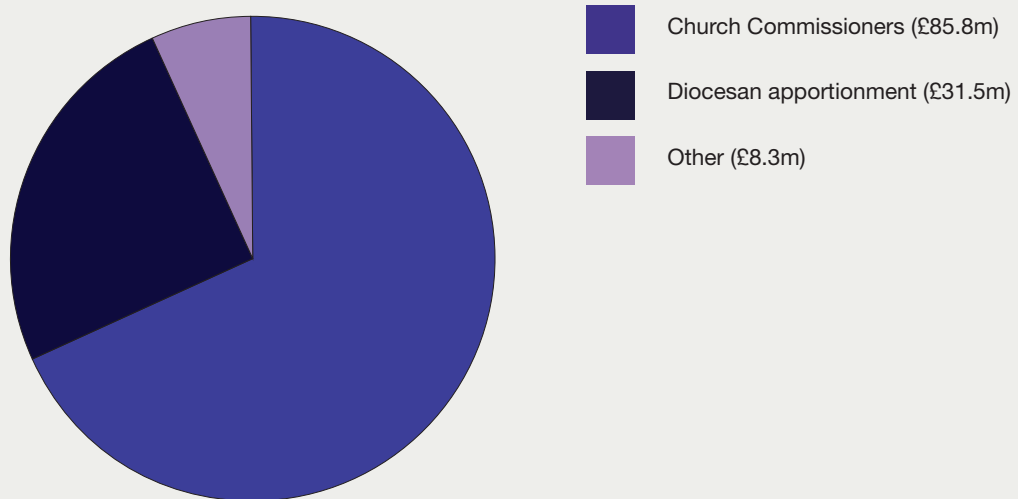
The final spending plans included sums for the following new categories of expenditure which began in 2020:

- **Additional ordinands funding** to meet training costs for the incremental increase in ordinands and **Strategic Ministry Funding** to support dioceses with the incremental costs of an increased number of curates resulting from this increase.
- **Strategic Transformation Funding** to support dioceses with financial difficulties wishing to undertake a major programme to provide a platform for the Church's sustainable growth.
- A **Giving Advisor Fund** which supports dioceses by part-funding additional diocesan giving advisors, who provide advice and guidance to parishes on encouraging giving and generosity.

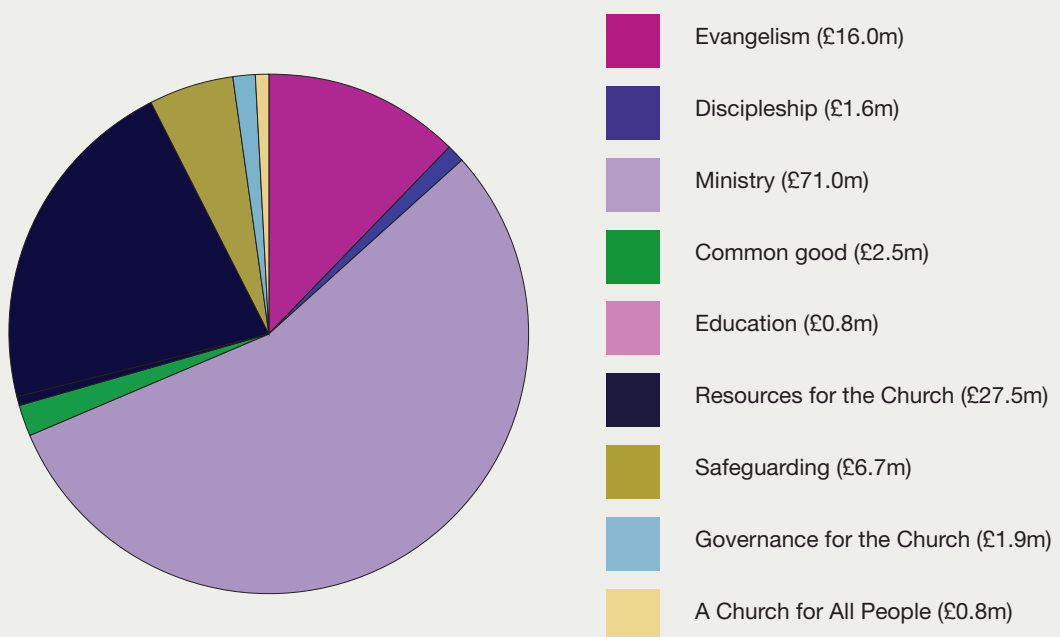
The Council has worked with the Church Commissioners to vary the spending plans in response to emerging challenges and opportunities. This has included making provision for up to £35m of **Sustainability Funding** to be granted in 2020-22 to help dioceses meet the financial challenges arising from the Covid-19 pandemic.

The Triennium Funding Working Group was reconvened in the second half of 2021 to begin work preparing recommendations on spending plans for 2023-25. Its key focus is to determine how national funding can be most effectively deployed to assist in the implementation of the Vision and Strategy.

Analysis of 2021 incoming resources of £125.6m



2021 Expenditure by charitable objective activity:



From the Secretary General



2021 was another very challenging year for the Church of England and for the Archbishops' Council. Our work was dominated by the need to support the Church through the second year of the COVID-19 pandemic.

Once again, we focused on how to support local churches in their local responses to the pandemic, in all kinds of ways. We began the year in another full national lockdown, with Church House closed, and all staff once again working from home.

Support for churches and dioceses was coordinated by the COVID Recovery Group, chaired by Bishop Sarah Mullally, and the COVID Gold group which I chaired. Thankfully, this work gradually became less intense through the year, as prospects improved heading into 2022. I am very grateful to Reverend Brendan McCarthy and Reverend Professor Gina Radford, who, together with many other staff, have worked on this.

At the time of writing, the last legal restrictions around the pandemic are about to be lifted. Many churches are considering the resumption of communion in both kinds and thinking about their learning from experience of online and hybrid worship, which has made many churches more accessible to older and more vulnerable members of their congregations.

The waves of the pandemic have significantly affected much of the

Council's work during the year. We needed to provide financial support to dioceses, with another £9 million of Sustainability grants paid in addition to the £15 million paid in 2020 to help assist their cash flow and overall financial position. We continued regularly to update guidance for churches on how to manage worship and ministry activities throughout the different stages of the pandemic. The Church House Digital team continued to produce a weekly online service, with a wide variety of forms of liturgy expressing the diversity of the Church; and continued its programme of webinars and training to help churches with their own digital and hybrid offerings. We also continued to support the Daily Hope phoneline, to reach and bring comfort to people with no internet access.

2021 was the final year of the extended (six-year) General Synod. It was not possible to meet for a final group of sessions at the University of York in the normal way. Instead, the Synod staff supported three different forms of Synod meeting: an entirely online informal meeting in February (provided with all staff working from home); two online only groups of sessions in

April and July; and the inaugural session for the newly elected General Synod in November, which happily was able to happen in person in Church House. The inauguration, and the opening service at Westminster Abbey, was attended by HRH the Earl of Wessex, representing Her Majesty the Queen. Since then, we have also successfully run a group of sessions in February 2022 that was in-person, but with hybrid facilities for those unable to attend.

The Emerging Church programme of work has continued in 2021. The work to develop a national Vision and Strategy for the Church of England for this decade, championed by the Archbishop of York, was presented to Synod in November. A joint working group of the Archbishops' Council, the Church Commissioners, and the House of Bishops – the Triennium Funding Working Group – is at present developing recommendations to the trustee bodies on how to allocate investment in support of the Vision and Strategy, and other priorities, for the coming decade.

Meanwhile, Transforming Effectiveness, another Emerging Church workstream has helped

us to identify cost savings in the Archbishops' Council and other national church institutions, to reduce the financial burden imposed upon dioceses and churches. Like any restructuring process, this has been a difficult and uncertain period for our staff, having to think about possible changes to their jobs, and with some work needing to be stopped. I am very grateful to everyone who has been involved in this process. It has proved possible to identify around £2 million of annualised savings across the National Church Institutions (NCIs), plus further savings on accommodation and travel. The change process has enabled us to create a new structure of teams to be more effective in our work.

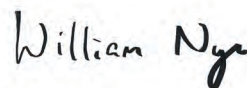
During 2021 the Council reviewed its own objectives and ways of working. This report introduces to readers the new objectives for the Council for this quinquennium, which are closely derived from the Church's Vision and Strategy, and particularly its strategic priorities and bold outcomes. They are discussed on pages 34 and 35. They bring out clearly the role of the Council, as a national support function for the Church, in supporting and helping local churches, schools and chaplaincies in their engagement with the Vision and Strategy, and in their implementation of the actions and outcomes which the strategy proposes.

During the year there have been some changes to senior staff. Mark Arena has been confirmed as the Director of Communications for the National Church Institutions. Debbie Clinton and Dave Male have taken

up a shared role as Co-directors for the new Vision and Strategy team (which brings together functions formerly separated in Evangelism and Discipleship, Strategy and Development, and Renewal and Reform). Fraser McNish has been appointed director of Data Services. We said farewell to Bev Botting, the former director of Research and Statistics, as well as Caroline Boddington, Archbishops' Secretary for Appointments, who although not members of the Council's staff were valued colleagues. Just after the year-end Dr Jacqui Philips resigned as Director of the Central Secretariat and Clerk to the Synod. I am very grateful to Bev, Caroline, and Jacqui for their distinguished service, and wish them well for the future. At present Becky Clark is acting as Director of the Central Secretariat, while also covering her existing role as Director of Churches and Cathedrals.

Just before the draft of this report was submitted to the Council for approval, we learned the sad news that my predecessor as Secretary General, Sir William Fittall, had died. William served with distinction in this role from 2002 to 2015 and as a Reader and gifted organist served in parishes faithfully for decades. During his time as Secretary General, William notably helped to ensure the passage of the legislation enabling women to be bishops, and the accompanying arrangements. Until his death he had served as the independent Reviewer in relation to the House of Bishops Declaration on the Ministry of Bishops and Priests.

The elections to the new General Synod have also brought changes to the composition of the Archbishops' Council itself. Elizabeth Paver stood down from the Synod, and hence from the Council, and was replaced on the Council by Alison Coulter. In addition, Loretta Mingella stood down as First Church Estates Commissioner to take up the post of Master of Clare College, Cambridge and we welcomed her successor Alan Smith as a new member of the Council. Reverend Simon Butler and Reverend Joyce Jones were replaced by Archdeacon Luke Miller and Reverend Kate Wharton, from January 2022. These followed changes earlier in the year when Reverend Chris Newlands, Reverend Sarah Schofield and Adrian Greenwood left the Council and we welcomed new members Reverend Tim Goode, and Rachel Jepson. I would like to thank, Adrian, Chris, Joyce, Liz, Loretta, Sarah, and Simon for their very committed service to the Council, and particularly for their unfailing support for the work and wellbeing of our staff and wish them well for their future. We welcome Alan, Alison, Luke, Kate, Rachel, and Tim and look forward to working with them.



William Nye, LVO
Secretary General

1 | Evangelism

Objective: to bring more of the people of England to the faith of Christ through the Church of England.

2021 Expenditure: £16.1m (2020: £28.0m) including grants of £12.9m (2020: £25.1m) after a discounting adjustment of -£2.3m (2020: +£1.6m). The main grant scheme was Strategic Development Funding: in 2021 eight dioceses were awarded grants totalling £14.1m (2020: eight dioceses awarded grants totalling £22.6m).

During 2021, despite the continuing impact of Covid-19, the Church responded with creativity, energy, resilience, and compassion to the challenges caused by the pandemic and the ongoing restrictions. Online engagement also brought with it many new opportunities for evangelism.

Pre-recorded national online services coordinated and edited by the Council's staff continued throughout 2021, receiving more than 500,000 engagements online in 2021, whilst the first virtual reality service, 'the Blessing of the Light' reached 200,000 views by December 2021.

In 2021, an **Innovation Fund** of up to £4.8m was launched for creative mission projects as part of the drive to become a church which fully represents the communities we serve, in age and diversity. Two awards of Innovation Funding were made during the year: £252,000

to Ely Diocese's Barnwell Sports Ministry and Mission project and up to £250,000 to London's Persian Anglican Community.

In 2021, the **Strategic Development Funding** (SDF) programme continued, supporting a wide range of projects and mission approaches, ranging from small community church plants; fresh expressions of Church; children's and families missionaries; pioneer ministry leadership development programmes; investment in parishes to multiply new congregations; training and coaching aimed at galvanising lay and ordained leaders; and mentoring for parishes and lay people to become effective in community evangelism.

The SDF programme continues to make a very substantial investment in people, supporting many additional ordained and lay ministry posts, as well as interns and apprentices. SDF is also encouraging and supporting investment by dioceses in support roles which have helped to implement and develop dioceses' strategy to strengthen and grow their mission and ministry.

In 2021 SDF grants were awarded to eight projects in eight dioceses (see table overleaf for details).

In line with the Vision and Strategy priority to become a younger

and more diverse Church, all SDF projects awarded in 2021 had a specific focus on engaging with children, families, young people, or students, as our Church has faced a pressing need for more effective outreach and mission to young people. In 2021, the criteria were also expanded to explicitly include targeting SDF on United Kingdom Minority Ethnic (UKME) / Global Majority Heritage (GMH) communities.



1 | Evangelism | continued



Blackburn

Lighting up New Generations will help revitalise ministry in Blackburn and Blackpool and build capability for revitalisation for the East Lancashire Valley and along the Fylde coast. St Luke's church, Blackburn will become a church-planting youth church, alongside developing clergy and children's and youth workers across the diocese. St John's church, Blackpool will develop into a multi-generational church with a strong youth focus, supporting plants in similar contexts and ministering to those suffering from deprivation

Awarded £3.5m towards project costs of £5.7m



Chichester

Revitalising the Church; Renewing the City will invest in Brighton & Hove by accelerating the development of two churches from different traditions: All Saints, Hove (modern catholic) and St Peter's, Brighton (charismatic evangelical). All Saints will expand its social outreach to grow its congregation and provide missional and educative resources for other churches from a catholic tradition. St Peter's will undertake four church plants focusing on areas of social deprivation and potential to reach a younger demographic.

Awarded £2.5m towards project costs of £11.55m



Coventry

The project will establish new worshipping communities in four locations in areas of high deprivation in the major population centres of Coventry and Bedworth.

Awarded £1.25m towards project costs of £4.13m.



Exeter

Ministry in Torbay will be revitalised through planting 'Bay Church' to grow a new youth congregation and revitalise at least three more family and youth focused churches in Torbay (including one post-SDF). The project will grow parent-led children's volunteer groups and youth groups to nurture discipleship, offer a Torbay-wide enquirers course, and run a social action programme focusing on deprived parents, children, and youth.

Awarded £1.5m towards project costs of £3.1m.

Leeds

Reaching Generation Next: aims to reach the 99.4% of unchurched students in Leeds and Huddersfield. Two student churches will be developed: the first into St Augustine's, Wrangthorn in Leeds, focusing on engaging unchurched students, and the second one into Holy Trinity, Huddersfield, alongside investment in digital engagement. Awarded £1.5m towards project costs of £2.9m.



Manchester

The proposal seeks to reshape the diocese for mission and growth through investment in mission to children and young people and in a church planting programme which will prioritise reaching the diocese's many deprived communities. Mission communities will be created in which clergy and laity share leadership roles across more than one parish and deliver church in a wide variety of locations and in different ways to reach a wider demographic. This will be supported by a leadership development programme which will nurture a new and diverse generation of leaders. Awarded £4.2m towards project costs of £6.0m.



Southwell & Nottingham

Beyond the Tipping Point: Growing Younger and More Diverse will invest in mission to children and young people in deprived areas in the city of Nottingham and in the wider county. 10 flagship churches will be developed for children and families' ministry and the project will also establish five youth hubs and develop 25 new local leaders in mission. Awarded £3.5m towards project costs of £5.3m.



Winchester

Winchester Mission Action Phase 3 will revitalise ministry and mission across Basingstoke by creating a church-planting church across four sites: St Michael's Church (town centre); All Saints (town centre); St Peter's church (South Ham) and Christ the King (Brighton Hill). The project will engage with the town centre and estates through prayer, worship, discipleship, and social action and will have a strong focus on younger age groups. Awarded £1.6m towards total project costs of £6.5m.



2 | Discipleship

Objective: to strengthen the Christian faith and life of all who worship God in the Church of England.

**2021 Expenditure: £1.6m
(2020: £1.4m)**

Evangelism and discipleship are deeply interconnected with work to strengthen the faith of those in existing congregations leading in turn to more confident Christians able to live out their faith in everyday life.

The Council's focus on prayer as part of the work of evangelism and discipleship continued throughout 2021.

The Prayer for the Nation launched by the Archbishops of Canterbury and York and other church leaders in 2020, was repeated in February 2021 during the third lockdown in England, with prayers and other resources made available.

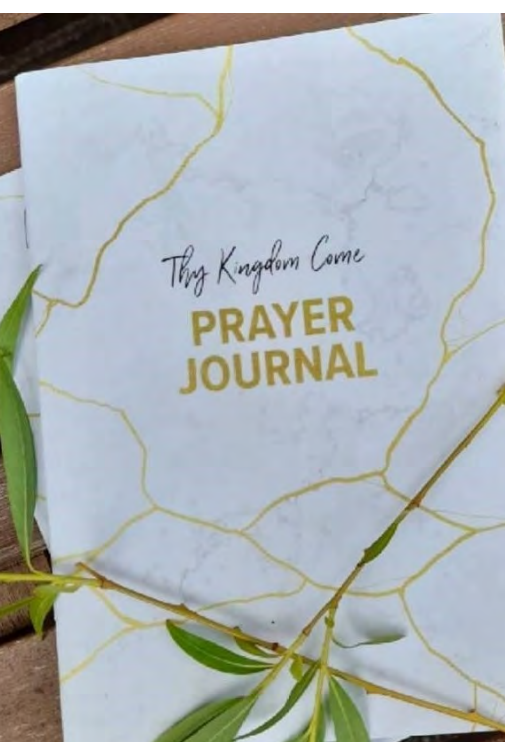
The number of people seeking help with prayer through Council materials continued to rise sharply during 2021, with Church House Publishing (CHP) Prayer App downloads registering more than 2.8 million downloads in 2021. The Daily Prayer podcast, launched in March 2021, received more than two million downloads before the end of the year, with around 8,000 people listening per day. In total, Apps from CHP were accessed more than 10 million times in 2021.

Thy Kingdom Come, the global wave of prayer that invites Christians around the world to pray from Ascension to Pentecost for more people to come to know

Jesus Christ, continued to adapt into 2021, with online prayer groups and virtual prayer rooms, and a range of digital resources made available and translated to different languages to reach global audiences.

Throughout 2021, Daily Hope – the free 24-hour worship phone line offering Church of England services, prayers, and reflections – continued to provide hours of comfort and spiritual nourishment to the elderly, isolated and vulnerable. It received more than 625,000 calls, totaling more than 8 million minutes of listening time, by February 2022. Approximately 20,000 calls are still made to Daily Hope every month. Daily Hope was launched soon after the first lockdown (in April 2020) as a way of bringing worship and prayer into people's homes, catering in particular to those people with limited or no access to the internet, and those with visual impairment.

In 2021 a new digital discipleship portal for *Everyday Faith* was developed and launched in January 2022. The portal features reflections, prayers, and guidance, showing how the 'Five Marks of Mission' are foundational to discipleship, and expressed in daily life. Furthermore, a total of 29 dioceses have now participated in the *Discipleship Learning Communities* – since it was established in 2017, to help mobilise lay people to live out their faith in their everyday lives.



3 | Ministry

Objective: to ensure there are sufficient ordained and lay ministers of the required gifts and qualities, who are effectively deployed to enable the Church of England to fulfil its mission, and to support those ministers in their calling, development, ministry and retirement.

“

When the clergy are supported, nourished and able to flourish, the whole church can flourish.”

Justin Welby,
Archbishop of Canterbury.

2021 Expenditure: £71.1m (2020: £66.4m). Main grant schemes: Lowest Income Communities Funding 2021: grants to 27 dioceses totalling £27.4m (2020: grants to 27 dioceses totalling £26.4m); Grants for Ministry Training 2021: £16.6m (2020: £17.2m); and Strategic Ministry Funding 2021: grants to 25 dioceses totalling £11.3m (2020: grants to 21 dioceses totalling £5.4m)

In 2021 £34.2m of Lowest Income Communities Funding (LInC) and transition funding was awarded to 27 dioceses to support parish ministry by developing mission and growth in lower income communities. This includes £180,000 to support ministry in the Diocese in Europe. This financial support ensures that ministry is provided in at least 1,700 parishes where it would otherwise be unsustainable, with an average of £14,000 allocated per parish supported.

In 2021, 501 people were recommended for training for ordained ministry: 26% of those were aged under 32, representing a growing number of young people (compared with 24% in 2020). 11.4% of people recommended for training were of UKME heritage (up from 10.9% in 2020). Of those

entering training for ordained ministry, women were in the majority for the fifth year running in 2021, at 55% compared to 45% men.

The Ministry Experience Scheme (MES), which offers year-long placements in churches to people aged between 18 to 30 years, also continued in 2021 despite the challenges of the pandemic. From September 2021, the 22 diocesan schemes have recruited 87 participants to work in urban and rural areas with placements spanning the wide diversity of traditions that make up the Church of England, with many placements located in deprived areas.

In the autumn of 2021, a new selection framework was introduced for candidates for ordained ministry to broaden the range of people exploring a ministerial vocation in the Church of England. Candidates will need to demonstrate six qualities instead of nine previous criteria and now attend two national discernment events, with time spent preparing for both at diocesan level. The qualities are Love for God; Call to Ministry; Love for People; Wisdom; Fruitfulness; Potential.



Nearly 400 ordinands expecting to complete theological training next year are on course to take up stipendiary curacy posts in 2022. Of these, 290 posts are expected to be fully funded by the dioceses while the Strategic Ministry Fund (SMF), administered by the Council's Strategic Ministry Board, is forecast to support an additional 110 posts in partnership with dioceses. The Strategic Ministry Fund was set up in 2019 to help ensure that dioceses can fund an increased number of curates.

The latest set of findings (fourth report) from the Living Ministry¹ research project was published in 2021. *Moving in Power, Transitions in Ordained Ministry* explores transitions from ordination to curacy and first posts, between posts and in the period before retirement. The findings have been disseminated to dioceses, theological education Institutions, the national church, and associated organisations to inform understanding and good practice. This work serves to take forward the Covenant on Clergy Care and Wellbeing (declared an Act of Synod in 2020), helping dioceses and local churches promote and support the wellbeing of ordained ministers.

The report of the Clergy Remuneration Review was published in July 2021. It set out the findings of an 18-month project to assess the adequacy, appropriateness, affordability, and sustainability of the clergy remuneration package. The review included a survey completed by more than 3,700 clergy and a consultation with dioceses. It concluded that the clergy remuneration package was appropriate and adequate for most clergy, though made specific recommendations to support those clergy who were experiencing financial hardship and to further enhance support for clergy's financial wellbeing.

¹ *Living Ministry* is a 10-year research programme into clergy wellbeing launched in 2017.

4 | Common Good

Objective: to contribute to transforming our society and communities more closely to reflect the Kingdom of God through loving acts of neighbourliness and service to all.

2021 Expenditure: £2.6m (2020: £2.4m)

Supported by Council staff, Church of England bishops addressed a range of issues from housing and child poverty to the climate emergency. In 2021, our churches also ran or supported thousands of social action projects across the country during the pandemic, ranging from food banks to chaplaincy phone lines and bereavement support.

On housing



Britain's housing crisis is one of the major challenges facing this country – and it is hitting the poorest hardest. While there is already significant work being done to find solutions, the Church has something unique to contribute.”

– **Archbishop of Canterbury, Justin Welby.**

The work of the two-year Archbishops' Housing Commission, exploring a Christian perspective on housing policy, continued in 2021 with publication of the landmark *Coming Home* report in February 2021.

Bishop of Chelmsford, Guli Francis-Dehqani, was appointed as the lead Bishop on Housing, to lead on implementing the recommendations of the Commission on *Housing*,

Church and Community, supported by the Bishop of Barking, Peter Hill (deputy) and the Bishop of Kensington, Graham Tomlin (vice-chair of the Commission) and working alongside dioceses and other church bodies.

On the environment

Through our Environmental Programme operating across 16,000 churches, 10,000 churchyards and 4,700 schools, the Council continued to take seriously our responsibility to address environmental challenges facing us today.

Continuing towards the net zero commitment set by General Synod in 2020 has been a key pillar of our work in 2021. Since General Synod voted to adopt a 2030 net zero target for the Church of England's buildings, we have worked in earnest to understand the Church's current emissions. This work, made possible by the Energy Footprint Tool, measuring the baseline of current emissions, revealed several insights, including demonstrating that more than 80 per cent of the average church's energy use goes on heating. The initial years of using the Tool have seen an increase in churches participating and in projects responding to the data it reveals. One in 14 Church of England churches of the Energy Footprint

Tool sample¹ were reporting net zero carbon emissions, according to the latest data from the Energy Footprint Toolkit.

Ahead of General Synod in November 2021, a consultation was also launched on a route-map to net zero, on how all parts of the Church of England can make changes together to achieve this ambitious goal. It included recommendations for buildings maintenance, particularly around minimising heat loss, heating options and the availability of specialist advice for each setting alongside how the central Church and dioceses can offer support.

Furthermore, a Partnership with Durham Energy Institute (DEI) continued in 2021 to support church leaders with decarbonisation, building on DEI's expertise in Decarbonising Heating and technologies.

A contingent from the Church of England attending COP26 in Glasgow served to promote the key relationship between faith and environment at the event and provide encouragement to all delegates.

On social action

In 2021, bishops continued to call for the government to lift the two-child limit on benefits in the

¹The sample size is 3,600 churches



wake of the sharp rise in new claims for Universal Credit caused by the coronavirus pandemic. The Council's Mission and Public Affairs Division, together with the Child Poverty Action Group had previously conducted and published research on the impact of the two-child limit in tax credits and universal credit: *All Kids Count: the impact of the two-child limit after two years*.

The Social Impact Investment Programme was established within the Council in 2021 (with up to £16 million of grant funding available from the Church Commissioners) to deploy social investment capital to advance the Church of England's missional objectives. In 2021, it made its first commitment in this space: a £1.6 million commitment to the Women in Safe Homes fund, working in partnership with organisations to provide homes for vulnerable women and their children who are homeless or at risk of homelessness. The fund aims to house 6,000 women over its lifetime.

Bishops in the House of Lords also continued to raise issues relating to refugees and asylum seekers and in 2021 played a key role in supporting series of amendments to the Immigration Bill calling for child refugees to be reunited with close relatives in the UK.

The Council's Mission and Public Affairs unit created a toolkit of resources to help parishes seeking to help refugees and asylum seekers from Afghanistan, in the wake of the crisis. The material included links and information on how churches can welcome people arriving from Afghanistan through giving, longer-term practical support such as community sponsorship, alongside prayer and advocacy resources.

In 2021, a new group to support local churches resettling refugees was set up, in partnership with the Home Office. Domenica Pecoraro and Canon Gareth Jones were appointed as the Church's first National Representatives for Community Sponsorship, to work with a steering group chaired by the Bishop of Bradwell, Dr John Perumbalath, chair of the inter-denominational Churches' Refugee Network, supported by the Council's Mission and Public Affairs Division. The National Representatives will be available to dioceses and parishes across the nation for advice and guidance on community sponsorship.

At the time of writing, the Church is engaged with Government and partners in civil society to provide assistance to refugees from the war in Ukraine.

Pictured:

*Ely Cathedral
lit green
100 days
before the
UK hosted
COP26.*

“

We are already seeing the effects of the climate emergency around the world – and it is the world's economically poorest people who are already suffering the most. It is our moral duty and a Christian calling to do all we can to try to turn the tide.”

**Graham Usher,
Bishop of Norwich and
lead bishop for the
environment.**

5 | Education

Objective: to promote high-quality Christian education in Church of England schools and voluntary education settings, and through our Church contribution to other schools, colleges, further and higher education institutions.

“

Further education colleges are vital institutions for communities, which transform the lives of individuals, train our nation's essential workers and foster innovation and success. They offer new opportunities and second chances.”

Nigel Genders,
Chief Education Officer.

2021 expenditure: £0.8m including grants of £0.1m (2020: £0.9m, including grants of £0.1m)

As the largest single provider of education in England and in line with the Church of England's role as the established Church, our vision continues to be for the common good of the whole of society, expressed through our key values, of wisdom, hope, community, and dignity.

With one million students attending 4,700 schools, the Education Office supports the Archbishops' Council and the National Society, the original Church of England charity responsible for education, to advance the breadth of work across 12,600 parishes, Diocesan Boards of Education, schools, colleges and 11 Anglican foundation universities. Our vision is to equip a new generation of young people to shape society and contribute meaningfully to an increasingly complex and globalised world.

In a time of continued challenge marked by the coronavirus pandemic, our schools remained open, and we are grateful to the staff, governors, and church leaders who worked hard to provide educational and pastoral support.

Church of England Educational Leadership

In 2021, the Bishop of Coventry, Christopher Cocksworth, was appointed as the Church of England's lead bishop for Further and Higher Education, succeeding the Bishop of Winchester, Tim Dakin, who had held the role for the previous six years.

In September 2021, a new team was established to lead the new nationally integrated framework for Statutory Inspection of Anglican and Methodist Schools (SIAMS): Dr Margaret James was appointed as National Director of SIAMS, and David Tait as Deputy Head. All Church of England and Methodist schools receive SIAMS inspections which focus on the impact of the Church school's Christian vision on pupils and adults. The provision for this is made under Section 48 of the Education Act 2005, and the inspections are carried out in addition to the Ofsted inspections which all schools receive. The Church of England's new nationally integrated school inspection system, SIAMS, has a crucial role to play in the life of all Church schools. The changes to how SIAMS operates will mean that the national church, in collaboration with all Diocesan Boards of Education can



Today approximately 1 million children attend 4,700 Church of England schools

- A quarter of primary schools and more than 200 secondary schools are Church of England.
- The Church is the biggest sponsor of academies in England.
- The Church of England has a presence of around 1,000 Anglican chaplains across higher and further education institutions in England, supporting students and staff of all faiths and none.
- Each diocese runs a Diocesan Board of Education supporting Church schools, which represents an annual investment of over £15 million.



assure the quality and consistency of SIAMS across the whole country and operate more efficiently to deliver the process.

National Professional Qualifications

In 2021 the Church of England was successfully accredited as one of the Government's national lead providers of National Professional Qualifications (NPQs) delivered in partnership with the Roman Catholic Church. The Church of England NPQs will provide training for teachers from September 2021, in different areas of school leadership and specialist areas, including senior leadership, headship, and executive leadership, supporting up to 2,500 teachers each year.

Vision for Further Education

A new vision for Further Education was launched in 2021 with the publication *Vocation, Transformation and Hope* report, highlighting the significant difference Further Education makes to three themes in people's lives: sense of vocation, personal transformation, and hope for society. The report sits alongside the earlier visions for schools and higher education, *Deeply Christian, Serving the Common Good* (2016) and *Faith in Higher Education* (2020), together restating the value the Church places on education at every level, inspired by Christian faith.

Worship in Schools and Faith at Home

In 2021, new guidance was published on *Collective Worship in Church of England Schools* – as part of a wider opportunity for pupils and adults to encounter faith, recognising collective worship as the 'unique heartbeat' of a Church school. The resource draws on the earlier overarching *Vision for Education* report which sets out how collective worship should be welcoming, inclusive and exemplify the principles of Christian hospitality, and should meet the needs of all, wherever they may be on their journey of faith and belief.

The "Growing Faith" concept began in 2019 to promote partnership between the three communities of church, school, and household to encourage and nurture the Christian faith for all ages. The Growing Faith work continued to develop and expand in 2021, with the establishment of a new *Growing Faith Foundation* to build on this work and serve as a strategic lead across the Church in seeking to grow a younger church and increase engagement with children and families in different settings. In 2021, the first Head of the Growing Faith Foundation, Lucy Moore, was appointed, to commence in February 2022.

6 | Resources for the Church

Objective: to help dioceses and cathedrals to be most effective in their mission, by providing cost-effective national and specialist services and advice.

2021 expenditure: £27.6m including grants of £25.3m the main elements of which were sustainability funding grants to 17 dioceses totalling £9.3m (2020: grants to 24 dioceses totalling £14.9m) and Strategic Transformation Funding grants to ten dioceses and one non-diocesan entity totalling £8.9m (2020: grants to 15 dioceses and one non-diocesan entity totalling £11.4m)

The Council provided specialist resources to support churches and dioceses over a range of areas, including ministry, mission, people, and finance matters in response to the evolving challenges of the pandemic.

To mark the National Day of Reflection on 23 March, the first anniversary of lockdown, a set of resources (including prayers, liturgical resources, postcards, and posters) was created to help churches reflect on our collective loss and to support those who have been bereaved.

Sustainability Funding – a new grant funding stream of £35m made available to the Archbishops' Council by the Church Commissioners – was created in 2020 to maintain some short-term financial stability for dioceses during the pandemic, as they implement or develop strategies for long-term mission health and financial stability.

This was part of the package of measures to support dioceses and, through them, parishes, during the pandemic.

Of the total £35m of Sustainability Funding, £9.3m was awarded to 17 dioceses in 2021 (£14.9m awarded to 24 dioceses in 2020). It was also agreed to continue to target the funding on dioceses with less investment assets and less affluent populations. Other relevant factors for funding applications in 2021 included: steps that dioceses are taking to address the impact of Covid-19 on their financial position; the measures they have undertaken in recent years to improve their financial sustainability; and the steps they are taking or planning to develop their longer-term mission health and financial sustainability. Further Sustainability Funding will be distributed in the second half of 2022, keeping these longer-term challenges in mind.

During 2021, the **Strategic Transformation Funding (STF)** programme continued to gain momentum. STF helps dioceses develop and deliver mission and growth strategies to ensure a thriving and sustainable future for the Church and the fund also supports dioceses in increasing their capacity to develop and deliver strategic change. To date two major STF grants have been awarded for major transformation projects in

Manchester and Sheffield dioceses. Other awards have been granted as capacity funding to help dioceses have the right combination and depth of skills, knowledge, and experience to undertake forward planning, and to develop and implement robust strategies to advance the Church's mission and growth.

To assist churches in their planning and decision-making during the coronavirus pandemic, a comprehensive set of online resources and documents to provide practical advice and guidance to the Church on the use of buildings and Health and Safety measures during the pandemic with the aims of helping churches navigate the Covid-19 virus. The guidance continues to be updated regularly and reflects regulations and Government guidance as well as that from public health bodies and is available for all to access on the Church of England website. This was also accompanied by a well-attended bi-monthly live webinar for Dioceses and Cathedrals, including briefing sessions on the guidance measures to limit the spread of coronavirus, with live Q&A.

The Human Resources advisory and training team continued to offer support across the Church on clergy and employee matters, linking with diocesan and cathedral

colleagues. In 2021, the provision included legal advice, complex and sensitive casework, recruitment, development of policy, management training for archdeacons, development of the Diocesan HR Network, and expansion of HR consultancy. The Clergy Transitions Service continued to support clergy discerning their ministry choices, supporting retention, reinvigoration, and wellbeing.

The National Register of the Church's clergy with a licence or Permission to Officiate went live in May 2021. The Register is an important development in strengthening safeguarding in the Church and was a recommendation in the 2017 Gibb Report which looked into the Church's handling of allegations against the late Bishop Peter Ball. The Register is publicly available on the Church of England website and is updated daily via a new people system. It provides a single, reliable, up to date register that enables clergy, churchwardens, and members of the public to check the bona fides of all clergy with licence or Permission to Officiate. The Register is part of a wider programme of work to bring people data, systems, and processes together across the Church of England.

The Council's Cathedral and Church Buildings Division (CCB) worked to address the issues of the pandemic

and lockdown, liaising closely with Government, and working with the heritage sectors to assess and represent the needs of parishes and cathedrals. The focus for the Cathedral and Church Buildings Division remained practical support for parishes and cathedrals in managing their buildings. A key area of work was ensuring all churches had access to relevant components of the government's Culture Recovery Fund and other Covid support schemes. These funds primarily focused on listed buildings but also included funding for capital works that kept skilled builders and craftspeople in employment. In 2020 and 2021 combined the Council directly received and administered over £14m of capital repairs funding and supported parishes and cathedrals to access a further £45m in both revenue and capital grants.

National level work included liaising closely with government to secure a three-year extension of the Listed Places of Worship grant scheme which gives grants equivalent to eligible VAT on capital repair projects. This is worth up to £42m a year to our listed churches and cathedrals. CCB administered its annual programme of conservation grants, supported by the Pilgrim Trust, Radcliffe Trust, Goldsmiths, and the Anglican Parish Churches Fund. Just over £250,000 was awarded via specialist committees,

to projects caring for bells, clocks, organs, paintings and wall paintings, monuments, and for conservation reports.

The **A Church Near You** (ACNY) website, providing mobile-friendly access to information about church services continued to grow as a key strategic platform for the Church in 2021, continuing its work to encourage parishes to make details of their services and events accessible online, with a total of 58,960 events added to the website in 2021 (this compares to 48,760 in 2020).

In 2021, **'Generosity Week'** resources were created for parishes and dioceses to help enable churches grow their ministry for future generations. The resources comprised service content packs; liturgy; group study materials; biblical reflections; discussion questions and social media toolkits. Core materials also included nine daily podcasts to enable congregations to focus on generosity while living out their daily lives. The series covered acts of generosity in many forms, from mission projects across the world to small acts of generosity that can have a huge impact. Generosity Week was initially created in response to the fall in church income during the pandemic, as part of the wider National Giving Strategy for 2020-2025.

7 | Safeguarding

Objective: to ensure all children and vulnerable adults are safe in the Church.

2021 expenditure: £6.7m (2020: £4.2m) this expenditure includes grant awards of £0.6m to survivors under the Support Scheme (2020: £0.3m) and £0.3m (2020: £0.1m) Past Cases Review 2 grants to dioceses.

The National Safeguarding Team (NST) has continued with its work to support the improvements of Safeguarding across the Church. This year has seen the development of an overall Safeguarding Programme to respond to and implement change as a result of the six recommendations made by the Independent Inquiry into Child Sexual Abuse (IICSA) in October 2020. The key outcomes from the Council's National Safeguarding Team's work in 2021 are grouped in thematic areas, below, for clarity:

Support for, and engagement with, victims and survivors of abuse

Victims and survivors have made, and continue to make, valuable contributions to the work of the Council in many areas. In 2021 this has included the working group to support the development of the national redress scheme, policy development such as 'Responding Well to Victims and Survivors', and participation on recruitment panels. The Council is committed to the development of a survivor engagement strategy and framework for the Church, to support open, transparent, and

effective work with victims and survivors to improve safeguarding. Planning work has begun and will be taken forward with a national anonymous survey to hear from victims and survivors, including those who have not engaged with the church previously, about how they would like to work with the Church to develop the survivor engagement framework.

Safe Spaces

Safe Spaces is a free and independent support service for anyone who has experienced abuse in relation to the Church of England, the Church in Wales, or the Catholic Church of England and Wales. The service launched in September 2020 as a two-year pilot and has supported over 200 victims and survivors since that time. Safe Spaces is subject to an independent evaluation and has received positive feedback from those who have used the service. The one-year evaluation report, received in December 2021, will inform planning for the service post-pilot, and the full two-year evaluation will be published in late 2022.

Interim Support Scheme and Redress

This year we have seen the embedding of the Interim Support Scheme, for those impacted by safeguarding failures in a church context who are in crisis, who have urgent and immediate needs. The

scheme has provided financial, practical, and emotional support to 40 survivors during the year. Work has started on the development of the full Redress Scheme, in consultation with a survivor working group.

Proactive and Preventative work:

Safeguarding Sunday: More than 2,000 churches signed up to Safeguarding Sunday in October, supported and promoted by the Council across all dioceses, as part of its commitment to promote a safer Church. The ecumenical event, facilitated by safeguarding charity Thirtyone:Eight, included an online sermon from the Church of England's lead safeguarding bishop along with a range of other resources for all age groups.

Safeguarding Learning and Development:

This year has seen the launch of the Safeguarding Learning and Development Framework, a new approach to learning about safeguarding which moves towards a transformational and impactful way of learning. This framework is now live until 2024. We have seen the introduction of several new learning pathways; Leadership, Senior Leadership, Safer Recruitment and People Management, Raising Awareness of Domestic Abuse, and more bespoke modules for specific roles, including for retired clergy.

All live learning pathways have been externally assessed and accredited by the Continuing Professional Development Service. The introduction of the safeguarding training portal and E Manual have ensured easy access to training and policy materials.

Policy Revision

Three new guidance documents have been launched this year, Safe Recruitment and People Management, Responding Well to Victims and Survivors of Abuse and Safeguarding Children, Young Person and Vulnerable Adults Guidance. The Guidance provides explanations of what is meant by “safeguarding” and the different forms that abuse can take. All new guidance has a six-month implementation plan to support and prepare Church bodies before it is officially rolled out.

Responding to ICCSA recommendations:

A safeguarding Programme structure has been implemented to oversee delivery of the six ICCSA recommendations.

Past Cases Review (PCR2)

PCR2 was a commitment for each Diocese to identify all information which may contain allegations of abuse and for an independent reviewer to examine these files to establish if allegations have been handled correctly and where they have not taken the necessary

action to manage risk and support survivors.

The majority of dioceses have completed their individual reviews throughout the year. We are in the process of analysing these comprehensive reviews to identify key themes and recommendations for the national overview report which will be published later in 2022.

Learning Lesson Reviews

There are currently four ongoing reviews, two of which will be published in Spring 2022. The reviews of the John Smyth and Trevor Devamanikkam cases are continuing and are scheduled for publication later in the year.

National Casework Management System

The Archbishops' Council has committed to creating a National Safeguarding Casework Management System, for use by the National Safeguarding Team (NST), dioceses and cathedrals of the Church of England. The Safeguarding Company has been successfully appointed as the supplier to deliver their system 'MyConcern' for the Church, following a competitive tender process in 2021. Testing work is underway to ensure the developing system meets the specific requirements of the Church. Phase 1 of delivery will involve rolling the system out to a group of dioceses/

cathedrals who have volunteered to participate in the first phase and support the development and refinement of the system.

Audit and Review

The National Safeguarding Panel continues to be an important body which independently scrutinises a topic area at each meeting and makes recommendations for improvement or action. The panel is chaired by Meg Munn, supported by a funded consultant safeguarding advisor.

In September 2021, Professor Maggie Atkinson was appointed as chair of the newly introduced **Independent Safeguarding Board**, ISB, alongside Jasvinder Sanghera as survivor representative and independent member Steve Reeves. The board is finalising its Terms of Reference and work streams which will be published on their website, which is in development.

8 | Governance for the Church

Objective: to operate the national governance arrangements of the Church of England as cost-effectively as possible in pursuit of the Church's mission.

“

Simplification has been a grass roots Synod initiative for some time, challenging us to simplify and align all our resources around the life and witness of the church in the front line in our parishes, chaplaincies and other worshipping and witnessing communities.”

Stephen Cottrell,
Archbishop of York.

2020 expenditure: £2.4m (2019: £2.5m).

Much of the Church's policymaking at national level is conducted through its national governance bodies, including the General Synod, the House of Bishops, the Church Commissioners and the Archbishops' Council itself, as well as various bodies and committees of these groups.

Governance to further the Church's mission

In 2021, governance for the Church continued to operate in the context of pivoting to accommodate the shifting realities brought forth by the COVID-19 pandemic and actively planning, preparing, and coordinating responses to the continually changing restrictions. The continuance of the pandemic and the lockdown arrangements during 2021 meant that the Church's governance bodies continued the pattern begun in 2020 of meeting far more frequently than in previous years. The General Synod met five times either formally or informally between November 2020 and November 2021, with Synod meetings taking place in April, July, and November 2021. The final Synod meeting of the 2015 – 2021 Quinquennium, which was extended by a year, took place virtually to comply with Government restrictions and guidance. The inaugural Synod of

the new Quinquennium took place in November 2021, which marked the first time that the full Synod had met in Church House since February 2020.

The House of Bishops established a pattern of meeting monthly for ten months of the year, with physical meetings in May and October. The House of Bishops Standing Committee continued to meet more frequently to retain its organisation of the pattern and content of episcopal meetings. The College of Bishops met in September 2021.

2021 saw the development of the Vision and Strategy for the next ten years for the whole of the Church. The strategic priorities identified are set out below:

- **To be a church that is younger and more diverse**
- **To be a church where mixed ecology¹ is the norm** – where every person in England has access to an enriching and compelling community of faith by adding new churches and new forms of Church to our parishes, schools, and chaplaincies
- **To become a church of missionary disciples** – where all of God's people are released to live the Christian life.

1 The mixed ecology describes the flourishing of church and ministry in our parishes, and in other communities of faith through things like church planting, fresh expressions of church, and chaplaincy and online.



In the autumn, preparatory work began on spending plans for 2023-25. This is initially being carried out by the Triennium Funding Working Group which includes members from the House of Bishops and Church Commissioners as well as the Council. Its task is to make recommendations to the Council and Commissioners on how funds that the Church Commissioners are able to make available can be most effectively used to support the mission and ministry of the Church in the current context and in support of the Vision and Strategy for distribution in 2023-25. The Group expects to finalise its work in the second quarter of 2022.

Governance to modernise the Church

#StandForSynod, the first advertising campaign for General Synod elections, was launched in 2021 to encourage more people to stand for election in a drive to attract a broader range of voices to the Church of England's national decision-

making body. The *#StandForSynod* advertising and information campaign, which marked the first in the 50-year history of the General Synod, formed part of the Vision and Strategy of becoming a younger and more diverse Church. Resources produced included a 90-second film, a short explanatory animation, and a dedicated webpage – all aimed at reaching people who might not otherwise consider putting themselves forward for nomination. This also came after planned elections to the General Synod originally scheduled for 2020 were postponed to 2021, after the term of the current General Synod was extended for one year. The 2021 elections attracted a record number of candidates, with 956 standing for the Houses of Clergy and Laity combined, representing an 8.3 per cent increase (2015: 883) and returning a majority of new members – approximately 60 per cent of those elected. The total number of new candidates standing increased by 78.3% (with 749 candidates).

Governance to streamline the Church's operational efficiency

The Governance Review Group chaired by the Bishop of Leeds – which began its work in 2020 on reviewing the effectiveness of the national governance structures of the Church of England – submitted its final report on 1 September 2021. The report and its recommendations received a positive response from the Church's main governance bodies and was presented to the General Synod at its inaugural session in November 2021. A very substantial programme of work will be initiated in 2022 to analyse, consult on and consider implementation of the report's recommendations. This programme, which will include both legislative and non-legislative elements, will be taken forward over the next few years. The General Synod debated the Governance Review Group report at its February 2022 meeting and asked for draft legislation to be developed for subsequent scrutiny.

9 | A Church for All People

Objective: to be a Church that can provide a welcoming home for all people in England.

“

We did not do justice in the past, we do not do justice now, and unless we are radical and decisive in this area in the future, we will still be having this conversation in 20 years' time and still doing injustice.”

Justin Welby,
Archbishop of Canterbury.

2021 expenditure: £0.8m (2019: £0.6m)

The Archbishops' Council is committed to diversity and welcome in the Church of England as one of its major goals – and the Church's historic vocation to use its place at the heart of every community to work for reconciliation, justice and flourishing of all people.

On Race and Ethnicity

The Archbishops' Anti-Racism Taskforce – set up in 2020 to recommend changes to ensure greater racial equality in the Church of England and to prepare the ground ahead of the establishment of the Archbishops' Racial Justice Commission – published its final report '*From Lament to Action*' on 22 April 2021, Stephen Lawrence Day. The report set out 47 specific recommended actions for different arms of the Church of England to implement across five priority areas: participation, governance, training, education, and young people.

In 2021, the Archbishops' Council agreed 34 (of the 39) recommendations directed by the Taskforce to the national church – including the establishment of a Racial Justice Unit within the Council and continuing work on inclusion within the NCIs.

The Taskforce also suggested seven areas for the focus of the three-year-long Commission: Theology;

Slavery (including Monuments); History and Memory; Culture and Liturgy; Participation; Complaints Handling and Patronage.

The Church Buildings Council produced *Guidance on Contested Heritage* for parishes and cathedrals, addressing the concerns over memorials and the issue of heritage associated with racism and the slave trade. Offering practical resources for churches and cathedrals to consider the history of their buildings and congregations, the guidance has enabled greater engagement with communities and a clearer understanding on how physical artefacts may impact mission and worship.

“

As we seek to find ways to honour those whose stories are untold and to give voice to communities that have suffered injustice, this guidance will be invaluable.”

Dean of Bristol, Mandy Ford.

Following the preparatory work done by the Anti-Racism Taskforce, in 2021, the Archbishops' Racial Justice Commission was set up, and its members appointed (pictured: opposite). In 2021, a national UKME (UK Minority Ethnic) Ordinands and Curates network group was launched to support the growing number of ordinands and curates from minority ethnic



Pictured, from left to right: The Revd Sonia Barron, Professor Mike Higton, Professor Anthony Reddie, Professor Duncan Morrow, Dame Melanie Dawes, The Revd Canon Dr Philip Anderson, Rt Hon Lord Boateng (chair), The Revd Canon Dr Chigor Chike, The Rt Revd Rose Hudson-Wilkin, Lord Wei of Shoreditch, The Revd Canon Patricia Hillas, Dr Nirmala Pillay.

backgrounds. The group was set up as the proportion of people from UKME backgrounds starting training for ordained ministry in the Church of England rose to 12%.

In addition to the UKME Ordinands and Curates network, the 'Teahouse' group – a national network of Church of England clergy of Chinese heritage, was formally launched in 2021 by the Council's Committee for Minority Ethnic Anglican Concerns (CMEAC). This initially grew out of a WhatsApp support group, founded by Revd Mark Nam, a curate in the Diocese of Bristol, who is also Diocese's Minority Ethnic Vocations Champion.

On Disability

The Committee for Ministry and Mission among Deaf and Disabled People (CMDDP) and the Disability Task Group which works with CMDDP on focused pieces of work, continued to champion the contribution of disabled people to the life of the church and work to overcome the barriers to fuller participation. A sub-group drawn

from CMDDP developed a range of actions based on a clear "theory of change" approach. Some of these proposals will be cost-neutral: others will be built into a structured bid for project funding to implement the proposed plans.

On Human Identity, Sexuality and Marriage

Following the launch of the *Living in Love and Faith* (LLF) resources on identity, sexuality, relationships, and marriage in 2021, the primary focus in 2021 has been to encourage and enable church-wide engagement. In response to requests for preparation for engaging with *Living in Love and Faith* resources, a new course was published, *The Pastoral Principles for Living and Learning Well Together*. The second focus of 2021 has been to design and disseminate ways of 'Listening to the whole church' as people engage with LLF. This work has been led by the Next Steps Group, chaired by the Bishop of London, Sarah Mullally. Beyond 2021, it is envisaged that in 2022 learning and engagement with the materials will move to discernment, decision-

making and potentially synodical processes.

On Social Deprivation

A fifth of the Church of England's 12,500 parishes are 'estates' parishes. A key target of Strategic Development Funding (SDF) is to support mission in deprived areas where the Church has had little effective engagement for many years. Less than one per cent of those living in deprived areas now attend a Church of England church. In 2021, 60% of SDF was awarded to support mission to those living in deprived areas. All of the projects awarded funding in 2021 include a strong focus on mission in deprived areas (see pages 12 to 15 for details). By the end of 2021, SDF had been awarded to a total of 84 major change projects across England, of which 68 have been supported since the SDF programme was significantly expanded in 2017. Since 2017, a total of £164.8m has been awarded to dioceses for their SDF projects.

The Council's plans for 2022

The Archbishops' Council objectives for 2022 serve and enable the whole church in advancing the vision and strategy for the Church of England in the 2020s, making good use of resources, underpinned by good governance.

In the course of 2021, the Archbishop's Council has renewed the structure of its objectives. Since 2016 the Council has worked with a structure of nine objectives, originally intended to last until 2020. The nine objectives were based largely on the "quinquennial goals" agreed by the General Synod, and on the priorities of the Renewal and Reform programme.

The Council reconsidered its objectives in the light of a report from staff on progress against those objectives by the middle of 2021, and in the context of a changing Church, both because of the pandemic and the Emerging Church of England work. The Council agreed that, as the nine objectives had been in place for five years, it was time to reconsider

what objectives should be set for the next quinquennium, and how to align them with the Vision and Strategy. This also gave the Council the opportunity to reduce the number of objectives.

The diagram shown below outlines the **seven** new objectives as agreed by the Archbishops' Council for the next quinquennium. The

An evangelising Church for everyone through

1

Doubling the number of children and young active disciples in the Church of England by 2030

2

A Church of England which fully represents the communities we serve in age and diversity*

*Including disability, race, class and deprivation

A pathway for everyone into an accessible and contextual expression of church through

3

A parish system revitalised for mission so churches can reach and serve everyone in their community

4

Creating 10,000* new Christian communities across the areas of home, work and education, social and digital

*With at least 2,000 of these in the most deprived contexts

Empowered by a Church of missionary disciples

5

All Anglicans envisioned, resourced and released to live out the five marks of mission in the whole of life, bringing transformation to the Church and world.
All local churches, supported by their dioceses, becoming communities and hubs for initial and ongoing formation

6

A Church that affirms the dignity of all people by being a safe place for all, especially children and vulnerable adults

7

A Church that cherishes God's creation and leads by example in promoting sustainability

objectives serve and enable the whole church in advantaging the vision and strategy for the Church of England in the 2022, making good use of resources, underpinned by good governance. To note:

- The first **five** objectives are taken directly from the bold outcomes of the Church's Vision and Strategy.
- The sixth and seventh objectives emphasise areas of work which do not fit directly within the bold outcomes listed in the Vision and Strategy, but which are vital priorities for the Council in the coming five years.

The move towards these seven objectives came from a desire for more alignment with the Vision and Strategy. However, the Council was pleased to work on these in collaboration with the Church Commissioners and the Commissioners have also committed to these seven objectives for the coming five years as well, albeit with different activities and areas of work particular to each National Church Institution (NCI).

The Council's 2022 annual report will be the first opportunity to reflect on the impact of these changes, but the Council is pleased to present these objectives in this report and looks forward to working to them in 2022 and beyond.

Objectives for 2022:

1. Doubling the number of children and young active disciples in the Church of England by 2030.
2. A Church of England which fully represents the communities we serve in age and diversity (including disability, race, class and deprivation).
3. A parish system revitalised for mission so churches can reach and serve everyone in their community.
4. Creating 10,000 new Christian communities across the four areas of home, work / education, social and digital (with at least 2,000 of these to be in the most deprived contexts).
5. All Anglicans envisioned, resourced, and released to live out the five marks of mission in the whole of life, bringing transformation to the Church and world. All local churches, supported by their dioceses, becoming communities and hubs for initial and ongoing formation.
6. A Church that affirms the dignity of all people by being a safe place for all, especially children and vulnerable adults.
7. A Church that cherishes God's creation and leads by example in promoting sustainability.

Financial Review

Overview: use of resources

In 2021 Archbishops' Council expenditure totalled £128.7 million, £19.6m lower than the previous year (2020: £148.3 million). Net income was £3.8 million in 2021 (2020: £1.3 million) after investment gains of £4.5 million (2020: investment gains of £3.1 million).

The main reason for the significant reduction in expenditure compared to the previous year was the decrease in grants awarded, reflecting higher levels of COVID-19 related grants awarded in the previous year (notably Sustainability Funding and the Cathedral and Major Churches grant scheme) along with a reduction in Strategic Development Fund awards made, which as expected were more heavily weighted towards the earlier years of the grant programme.

The greatest proportion of the Council's expenditure in 2021 was in relation to its objectives for Ministry and Resources for the Church. These represented 55.2% (2020: 44.5%) and 21.4% (2020: 28.6%) respectively, of total expenditure.

Grants

The Council makes grants to dioceses under the following main schemes. Training for Ministry grants were funded from the diocesan apportionment, the Cathedrals and Major Churches grants were funded by Historic England and the remainder were funded by the Church Commissioners:

- Evangelism grants include £14.1 million Strategic Development Funding awarded to eight dioceses (2020: £22.6m awarded to 8 dioceses). The Council has delegated decisions on grant awards to its Strategic Investment Board (SIB), the membership of which includes Council members and Church Commissioners.
- Ministry grants include:
 - (i) Lowest Income Communities (LInC) funding (£27.4 million in 2021) which are supplemented by time-limited transitional grants to smooth the

transition to the grant funding arrangements introduced in 2017. In 2021, 27 dioceses received LInC grants, 11 of which were £1 million or above (2020: 27 dioceses, 8 of which were £1m or above).

(ii) (Strategic Ministry Funding to help meet the cost of additional curates as part of the aim of increasing the number of new clergy across the Church (£11.3 million in 2021, £5.4m in 2020). Grants were awarded to 25 dioceses (2020: 21) and meet between 50% and 90% of the relevant cost depending on an assessment of the resources of the diocese and whether they receive LInC funding.

(iii) Training for Ministry grants totalled £16.6 million in 2021, including £1.8 million from the Church Commissioners' Additional Ordinands fund (2020: £17.2 million and £2.4 million respectively) and funded training, maintenance, and university fees for those undertaking pre-ordination training.

- Resources for the Church grants include:
 - (i) Sustainability Funding (£9.3 million in 2021) grants made to 17 dioceses (2020: £14.9m, 24 dioceses) to help them to address the financial challenges of COVID-19.
 - (ii) Strategic Transformation Funding (£8.9 million in 2021, £11.4m in 2020) awarded to 11 dioceses to help them to undertake major restructuring programmes in order to better align with their strategic plans and make a significant difference to their mission and financial strength, in turn supporting the Church's sustainable growth,
 - (iii) grants of £4.5 million to 21 cathedrals and major Churches for capital works as part of one of the strands of the UK governments' Cultural Recovery Fund (2020: £9.9m to 68 cathedrals / major Churches)
 - (iv) National Giving Strategy grants (£2.0 million in 2021, £1.5m in 2020) made to 18 dioceses (2020: 11 dioceses) to help them implement a new strategy to encourage greater giving and generosity in churches.

Further details of the Strategic Development Funding and Strategic Transformation Funding grants made to dioceses by the Council from Church Commissioners funds will be published in the SIB's annual report which will be made available as a General Synod paper. Other grant expenditure funded by the apportionment paid by dioceses included:

- grants towards the work of the Anglican Communion Office, national and international ecumenical agencies (including Churches Together in England, the Conference of European Churches and the World Council of Churches), the Church Urban Fund and Fresh Expressions;
- grants for pension contributions for clergy employed by qualifying mission agencies;
- grants towards the Clergy Retirement Housing scheme administered by the Church of England Pensions Board.

Use of legacies

The Council is fortunate to receive unrestricted legacies from time to time. Its policy is to add such legacies to its unrestricted legacies designated fund to be spent on priorities decided by the Council from time to time. In 2021, unrestricted legacies income was £22,000 (2020: £215,000).

Fundraising

Section 1 62a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". The Council does not undertake fundraising from the general public but from time to time does apply for grant funding from grant-awarding charities. Any such amounts receivable is presented in the financial statements as 'voluntary income' and include legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of

commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. The Council is not bound by any undertaking to be bound by any regulatory scheme.

The Council has received no complaints in relation to fundraising activities. Its terms of employment require staff to behave reasonably at all times as the Council does not approach individuals for funds. Contracts of employment do not particularise this requirement for fundraising activities nor does the Council consider it necessary to design specific procedures to monitor such activities.

Comment by the Trustees about going concern

The Council has not identified any material uncertainties that cast significant doubt on its ability to continue as a going concern. In reaching this conclusion it has considered the known impact of and potential future effects of the COVID-19 pandemic (for example in the event of new variants or waning protection from the vaccine programme) in a number of scenarios. The Council has evaluated the nature and resilience of its key sources of income, particularly including distributions made by the Church Commissioners, apportionment contributions made by dioceses and grants from other bodies. It has taken note of the Statement of Funding Principles in which the Church Commissioners agree that once a grant has been awarded by the Council's Strategic Investment Board, provided that all conditions and milestones are met, they will provide the funding to meet future drawdowns of the grant.

The Council has considered the charity's ability to withstand a material fall in income and the mitigating actions which could be taken in such a scenario including the types of expenditure which could be reduced or delayed. It has also analysed the strength of the available reserves and liquid assets, including modelling the effect of a significant reduction in

Financial Review | continued

investment values. The Council considers that it has sufficient reserves to withstand such an eventuality, taking account of restricted funds (most significantly the Church and Community Fund with sufficiently broad purposes to be used to help fund the majority of the Council's operating expenditure. In light of this analysis, the trustees have a reasonable expectation that the Council has adequate resources and cashflow to meet spending commitments as they fall due.

Reserves policy

The Council holds reserve funds for each of the five areas of expenditure voted on separately by the General Synod. These reserves enable the Council to meet its obligations and commitments that span more than one accounting period, to assist in cash-flow management and to help reduce the risk of needing to ask dioceses for a substantial increase in apportionment funding in any one year. The Council aims to hold between one- and three-months' expenditure as reserves for each of these five areas of expenditure, one of which is its unrestricted funds (excluding designated funds), and to set a target reserve level of two months' expenditure.

At the end of 2021 unrestricted general fund reserves (i.e., excluding designated funds and the pension reserve) were £2.5 million (end 2020: £2.3 million). The Council is content with the current level of reserves and will bear actual and forecast levels in mind when setting its budgets for 2022 and beyond.

As a result of implementing the accounting standards introduced in 2015 the Council, in common with all organisations making deficit recovery contributions to a defined benefit pension scheme, is required to account in full for the net present value of those contributions, even though they will be paid over several years. This resulted in pension reserve liability at the end of 2021 of £1.1 million (end 2020: £1.8 million) which will be met from future years' income as the agreed deficit contributions are paid. As a result, total unrestricted funds (including designated funds of £6.7 million (2020: £6.3 million))

were £8.1 million at the end of 2021 (end 2020: £6.9 million). Recognising that it is intended that the pension reserve will be reduced towards zero by planned deficit recovery contributions to be met from the general fund over the next two years, the Council plans to continue to state its reserves policy for unrestricted funds in terms of its general fund balance.

Investment policy and use of restricted funds

The Council's investment policy for its restricted funds – based on the planned distribution strategies for each – is summarised as follows:

- For settlements planned to be retained beyond five years, the Council's investment managers have been set an annualised long-term target to achieve a total return of at least 4% above CPI after all costs. The investments for such funds are held in two Common Investment Funds diversified between and within asset classes.
- For funds that are planned to be spent out within five years, the focus is on capital preservation with a target return of at least bank deposit rates. The ability to withdraw funds at relatively short notice is also imperative.

The Council's Investment Committee reviews and oversees the management of the Council's investments. The aggregate total return from its long-term investments (with a time horizon of at least five years) was 12.7% in 2021 (2020: 10.0%) compared with the long-term target of 8.8% (2020: 4.6%). Over the past five years the return averaged 8.1% p.a. compared with the long-term target of 6.3% (CPI +4% per annum).

The Council's cash resources are held in its current account, in the Central Board of Finance Church of England Deposit Fund or term deposits in line with its Treasury Management Policy, which is reviewed annually. The Council's average return on its cash holdings in 2021 was 0.0% (2020: 0.1%).

The Council also acts as custodian trustee for several funds. At the end of 2021 the assets of these funds, which are held in investments and cash separately from those of the Council, were valued at £3.8 million (end 2020: £3.7 million).

Ethical investment

The Council participates in the work of the Church's Ethical Investment Advisory Group (EIAG), which develops ethical investment advice to inform the ethical investment policies of the three main national Church investing bodies. Its membership includes members of the Council and its Mission and Public Affairs Council. The EIAG publishes an annual report of its work which is available, together with other related publications including its sector-based policies, on the Church of England website. The Council also belongs to the ecumenical Church Investors Group.

The Common Investment Funds in which the Council invests have ethical investment policies. The Council complies with the EIAG's guidance on pooled funds and the Council, and its Investment Committee regularly monitor compliance with this policy.

Public benefit

The Archbishops' Council has an enabling role in support of the ministry of the Church of England which, through its 13,000 parishes and the dioceses and through other means, seeks to provide spiritual care for all people in England. In particular:

- The Church of England is a focus for community activity in 13,000 parishes and 16,000 church buildings and, through the resources at its disposal, provides activities that support community development and social cohesion. Typically, this includes projects that support children, families and the elderly people through clubs, social gatherings, and outreach activities.
- The Church of England provides education in the Christian faith and encourages personal and spiritual growth and well-being.

- Through its engagement in local communities, its chaplains in many sectors of life and its participation in public debate, the Church of England promotes values that it believes are beneficial to society as a whole.
- Through its network of schools and academies, the Church of England provides an education for around 20% of children of primary school age and 6% of young people of secondary school age that is rooted in Christian values and available to families of all faiths and none.

The Council has had regard to the requirements of the Charities Act 2011 and published advice issued by the Charity Commission in relation to public benefit.

Governance

Introduction

The work of the Council and its supporting bodies is underpinned by openness to God, worship, service and a desire to promote growth, partnership, unity, integrity and transparency. The Council carries out its work in compliance with relevant legislation and best practice. The Council continues to monitor its processes and effectiveness, using good practice in governance as a benchmark to ensure that it operates in an effective manner. In carrying out its work, the Council aims to maintain and support a skilled and motivated staff and to ensure effective systems of organisation and governance.

The Archbishops' Council is a charity registered under no. 1074857.

Trustee recruitment, appointment and induction

Members of the Archbishops' Council have responsibilities as trustees. They hold office in a variety of ways: ex officio (the two Archbishops; the First Church Estates Commissioner; the Chair and Vice-Chair of the House of Laity; and the two Prolocutors); elected (two members each of the Houses of Bishops, Clergy and Laity of the General Synod); or appointed (by the Archbishops with the approval of the General Synod after an extensive public recruitment process).

Tailored induction, covering such areas as key relationships, financial information and forward strategy, is offered to all new trustees. New and existing trustees also have the opportunity to meet Directors and other staff for briefing on particular areas of work. Members also have the opportunity to learn about the Council and contribute to its development as members of committees and working parties for specific areas of its work and operation.

In 2020 the Council met six times, twice in person with the option for members to participate virtually with the remaining meetings held using remote technology. The Council also held a joint meeting with the Church Commissioners to discuss objectives to support the Vision and Strategy and the work preparing spending plans for 2023-25 and beyond. Membership of the Archbishops' Council from 1 January 2021 and up to the date of this report is detailed overleaf.

Committees of the Archbishops' Council

The following bodies undertake work as committees of the Archbishops' Council:

- *Audit Committee of the Archbishops' Council (chair: Maureen Cole)
- *Finance Committee (chair: Canon John Spence)
- *Ministry Council (chair: the Rt Revd Martin Seeley)
- *Mission and Public Affairs Council (chair: Mark Sheard)
- Committee for Ministry of and among Deaf and Disabled People (chair: the Rt Richard Atkinson)
- Committee for Minority Ethnic Anglican Concerns (chair: The Very Revd Rogers Govender)
- Council for Christian Unity (chair: the Rt Revd Martin Warner)
- Remuneration and Conditions of Service Committee (chair: Rt Revd Richard Jackson)
- Strategic Investment Board (chair: Canon John Spence)
- Strategic Ministry Board (chair: The Rt Revd Martyn Seeley)
- Legislative Reform Committee (chair: Revd Canon Simon Butler)

*The chair of the bodies marked with an asterisk must be a member of the Archbishops' Council.

Key Working Relationships

The Archbishops' Council works in close partnership with the other National Church Institutions (NCIs): the Church Commissioners, the Church of England Pensions Board, Church of England Central Services, the Offices of the Archbishops of Canterbury and York, the National Society and Lambeth Palace Library. Key working relationships with Church bodies include:

General Synod

The Council is not a body of the General Synod, but a statutory body established under the National Church Institutions Measure 1998. All of its members are either drawn from the General Synod or become members of the General Synod

through their appointment to the Archbishops' Council.

This helps to ensure that there is a close relationship between the Council and the Synod, not least because the Council and its committees undertake work on behalf of the Synod and report to the Synod on that and other work as it progresses and on completion.

Members of the General Synod may ask questions of the Council and its committees when the General Synod meets and the General Synod approves the Council's annual budget and receives the Council's annual report.

House of Bishops

The Council and the House of Bishops work together to provide leadership and to develop and resource policy, particularly on issues around lay and ordained ministry, education, safeguarding, social engagement, engagement with Government and framing Church legislation.

Church Commissioners

Under the terms of the National Institutions Measure 1998, the Council and the Commissioners work closely to develop spending plans reflecting the Council's priorities for the coming period. The Council receives reports annually on the uses to which that funding has been put to enable it to confirm to the Church Commissioners that the money has been used for the purposes for which it was given.

Dioceses

Some of the Council's work is funded by the dioceses of the Church of England. This gives the Council a responsibility to demonstrate that the money it receives is spent effectively and to work on behalf of the dioceses to provide a central source of advice, a resource for the development of policy and legislation, and a focus of engagement with the Government and other agencies on behalf of the Church. The Council also distributes grants from the Church Commissioners to dioceses under the terms of the National Institutions Measure 1998 to support their mission and ministry.

Church of England Central Services (ChECS)

ChECS facilitates the provision of cost-effective shared financial, legal and other services to the NCLs and provides payroll and other services to dioceses and other charities with a Church ethos. It is jointly owned by the Council, Church Commissioners and Church of England Pensions Board and each body appoints two of the six directors. The Council's appointees are Canon John Spence and Ven. Sam (Samantha) Rushton. The Archbishops' Council and the General Synod have a number of other committees, commissions and similar bodies that report to them. Details are available on request.

Safe Spaces England and Wales

Safe Spaces England and Wales (Safe Spaces) is a charitable jointly controlled entity between the Archbishops' Council and the Catholic Trust for England and Wales (CaTEW). The Council has the right to appoint two directors. The purpose of Safe Spaces is to provide support for those affected by church related abuse (of any kind), in the form of a helpline, a website providing information and advice to survivors and their families, and up to 10 community-based survivor led therapeutic support groups, both faith-based and secular.

Appointments made by the Council to other charities

The Council has the right to make appointments to certain other Church charities. It appoints two of the 12 trustees of the Church Urban Fund and the Council's Finance Committee also appoints one trustee. The Council appoints six of the 13 trustees of Near Neighbours. The Council's Finance Committee operates two of the 11 trustees of the Whitelands College Foundation.

Governance | trustees, senior staff and advisors

Membership of the Archbishops' Council from 1 January 2021 and up to the date of this report was as follows:

Joint Presidents

The Most Revd and Rt Hon Justin Welby, Archbishop of Canterbury	(4/6)
The Most Revd and Rt Hon Stephen Cottrell, Archbishop of York	(6/6)

Prolocutors of the Lower Houses of the Convocations of Canterbury and York (ex officio)

The Revd Canon Simon Butler (Canterbury: to December 2021)	(6/6)
The Revd Canon Joyce Jones (York: from February 2021 to December 2021)	(4/4)
The Van Luke Miller (Canterbury: from December 2021)	(0/0)
The Revd Canon Chris Newlands (York: to February 2021)	(1/1)
The Revd Canon Kate Wharton (York: from December 2021)	(0/0)

Officers of the House of Laity (ex officio)

Alison Coulter (Vice-Chair, House of Laity: from January 2022)	(0/0)
Canon Dr James Harrison (Chair, House of Laity)	(6/6)
Canon Elizabeth Paver (Vice-Chair, House of Laity: to January 2022)	(4/6)

Elected by the House of Bishops

The Rt Revd Paul Butler	(4/6)
The Rt Revd Martin Seeley	(6/6)

Elected by the House of Clergy

The Revd Dr Ian Paul	(6/6)
Revd Canon Tim Goode (from February 2021)	(5/5)
The Revd Prebendary Sarah Schofield (to February 2021)	(1/1)

Elected by the House of Laity

James Cary	(6/6)
Adrian Greenwood (to January 2021)	(0/0)
Dr Rachel Jepson (from January 2021)	(6/6)

Appointed by the Archbishops with the approval of the General Synod

Maureen Cole	(6/6)
Revd Charlotte Cook	(5/6)
Mr Joseph Diwakar	(5/6)
Matthew Frost	(6/6)
Canon John Spence	(6/6)
Mark Sheard	(6/6)

A Church Estates Commissioner

Loretta Minghella, First Church Estates Commissioner (to September 2021)	(4/5)
Alan Smith, First Church Estates Commissioner (from October 2021)	(1/1)

(The figures in brackets indicate (i) the number of meetings each member attended in 2021 (ii) the number of meetings each member was eligible to attend.)

Senior Management Group of the Archbishops' Council

William Nye, Secretary General to the Council and the General Synod
 Mark Arena, Director of Communications
 Revd Canon Dr Malcolm Brown, Director of Mission and Public Affairs (to December 2021),
 Director of Faith and Public Life (from January 2022)
 Becky Clark, Director of Churches and Cathedrals, and
 Acting Director of Central Secretariat and Clerk to the General Synod (from March 2022)
 Debbie Clinton, Director of Renewal and Reform (to December 2021),
 Co-Director of Vision and Strategy (from January 2022)
 Rt Revd Chris Goldsmith, Director of Ministry (to December 2021),
 Director of Ministry Development Team (from January 2022)
 Christine Hewitt-Dyer, Director of People
 Philip James, Head of the Strategy and Development Unit (to December 2021),
 Deputy Director for Diocesan Support (from January 2022)
 Revd Nigel Genders, Chief Education Officer
 Revd Alexander McGregor, Head of the Legal Office and Chief Legal Advisor
 Revd Canon David Male, Director of Evangelism and Discipleship (to December 2021),
 Co-Director of Vision and Strategy (from January 2022)
 Zena Marshall, Acting Director of Safeguarding
 Dr Jacqui Philips, Clerk to the Synod and Director, Central Secretariat (to April 2022)
 Rosie Slater-Carr, Chief Operating Officer
 David White, Deputy Director of Finance

Senior staff of Shared Services managed by other NCIs

Stephanie Harrison, Director of Risk Assurance
 Joanna Woolcock, Director of Finance

Offices and advisors

The Archbishops' Council advisors are listed below. All professional advisor appointments are regularly reviewed.

Registered office:	Church House, Great Smith Street, London SW1P 3AZ. Tel: 020 7898 1000
Investment managers:	CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London EC2V 4ET Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU
Bankers:	Lloyds Bank plc, 25 Gresham Street, London EC2V 7HN
Solicitors:	The Legal Office of the National Church Institutions of the Church of England, Church House, Great Smith Street, London SW1P 3AZ
Auditors:	Crowe LLP, 55 Ludgate Hill, London, EC4M 7JW

People and Organisation

Transitioning to hybrid working

Our commitment to the successful achievement of organisational objectives, good stewardship, transparency, and equality requires us to ensure that all our people deliver work of real value. Our new working arrangements support this commitment, whilst embracing our learning from 2020 that the key ingredient in securing this organisational value is trust in our people.

Our *working without walls* initiative brought together training, policy, and some of the practical changes we needed to make to support the transition to hybrid working such as the rollout of a device strategy and the switch to virtual phones using Microsoft Teams.

New hybrid working and home working policies underpin a shift to more flexible working arrangements and drew on extensive consultation with staff. Using a principles-based approach the policies provide a framework that gives people more control over how and where they work, and in doing so, realise the well-publicised benefits this approach brings, including: attracting and retaining experienced, diverse, and valued people; enabling staff to balance work and caring commitments; and a reduction in travel time, travel expenditure, and travel emissions. Workshops for line managers and teams focused on practical and personal skills to support the shift to hybrid working.

Health and wellbeing

Our buildings remained open during the pandemic for those

colleagues who needed to use them – whether for work or wellbeing reasons – with access carefully managed to minimise the risk to people's health. We continued to provide resources and support for colleagues to help build resilience, reduce stress, and healthy habits during prolonged periods of working from home, including how to maintain boundaries between work and home. Colleagues also have access to a team of chaplains, and 30 mental health first aiders.

Employee engagement

Over the course of the year, we held ten virtual town hall events. Open to all staff, these sessions are designed to keep staff up to date on news and initiatives from across the NCIs and the wider Church and offer an opportunity to put questions to senior leaders and subject matter experts.

In March we carried out an in-depth employee engagement survey. Over 500 people shared their views about working at the NCIs, with an average positive response to questions measuring advocacy, motivation, and commitment – of 81%. The results highlighted the key drivers of engagement within the NCIs and formed the basis of our 2021 Employee Engagement Action Plan.

A place where every member of staff feels that they belong

Our aim is for everyone in the NCIs to feel that they belong and are valued for who they are and what they contribute. To achieve this, we are focusing our efforts in four areas: mentoring and learning; leading and signalling; generous

behaviours; and celebrating and storytelling. As part of our generous behaviours work, we opened a conversation across the NCIs, in which around 100 staff participated, on how we can expand our Values, with the aim of agreeing values and behaviours that are shared between NCI staff and trustees.

We also launched a second mentoring scheme with a greater emphasis on creating and supporting relationships across gender, ethnic background, disability status, identity, and generational divides and more broadly between people who bring different skills, experiences, and perspectives. There are 23 mentoring partnerships under this scheme, building on the 33 partnerships under the 2020 developmental mentoring scheme.

We have continued to support our staff networks to bring forward a rolling programme of events and stories that celebrate our common purpose and successes and honour our differences. Each month at least one Belonging and Inclusion related event, story, or blog has taken place or been published.

Our *Coffee Connect* initiative, in which around 60 people participate, continues to run regularly and helped new and longer standing colleagues to develop professional and personal relationships across different NCIs.

The NCI Mental Health First Aiders have regularly hosted open and confidential forums on different themes such as 'Getting back to normal' and 'how can we make the most of time off if we can't get away?'. We also ran a number of resilience webinars and workshops to continue to support colleagues

in dealing with everyday difficulties, obstacles and setbacks.

Transforming effectiveness

A key aspect of the Emerging Church of England programme is the realignment of the operating model of the NCIs to enable the Church of England to better serve God's mission. The senior leadership structure for six functional areas (vision and strategy, ministry development, education and growing faith, faith and public life, data services, and buildings) was the focus of the first stage to create 'Simpler NCIs' and was completed in September, followed by team structures and roles in early 2022.

Working hand-in-hand with dioceses

In May 2021 we delivered a new people system for the Church of England. This major project was the result of several years of working together with colleagues in each diocese to gather requirements, agree system design and protocols. The new system holds the data that feeds the publicly available National Register of Clergy and in time it will manage the payment of clergy stipends and pay for NCI employees. The people system is part of a wider programme of work that is bringing people data, systems, and processes together to simplify and bring consistency to, how information is managed.

Summary of our people

At the end of 2021, a total of 125 staff are employed or funded directly by the Archbishops' Council, a 6% decrease from 2020 (133 staff). This decrease was largely due to the movement of the Church and Cathedral Buildings

team to the Church Commissioners. The Council make up 20% of the overall staff at the NCIs.

The Archbishops' Council is a joint employer with the other NCIs. It receives services from Church of England Central Services, which is also a joint employer. The NCIs ended 2021 with 612 employed staff, an increase of 2% in the headcount compared to 2020.

Overall, 103 staff joined the NCIs in 2021, a 7% increase from 2020, with recruitment activity increasing slightly from the low activity caused by the coronavirus pandemic. Overall turnover in 2021 was 16% compared to 9% in 2020, however this was still below to average prior to the pandemic (2019: 19%).

The percentage of people who classed themselves as black or minority ethnic within the Archbishops' Council was 8.5% (2020: 7.8%) compared with overall representation of 15.6% (2020: 15.7%) across the NCIs.

Across the NCIs, the ratio of female to male employees remained static (56% to 44% respectively). The percentage of women in senior positions rose from 41% in 2020 to 42% in 2021. The percentage of people who classed themselves as having a disability was 3.5%, a slightly higher than 2020 (3.3%).

Staff remuneration and executive pay

All the staff of the Archbishops' Council are covered by a unified pay policy that operates across all the NCIs. The policy is designed to ensure the same level of pay for all staff in posts with work of equal value based on eight bands. For certain staff with specialist skills, typically those whose role requires them to hold a professional qualification, a market adjustment may be applied, the value of which

is determined by reference to the lower quartile and median of market related salaries and is subject to annual review.

Staff pay is reviewed annually and any increases as a result of the annual pay negotiations are awarded with effect from 1 January. The NCIs are an accredited Living Wage employer and ensure all staff including apprentices, interns and those on training schemes receive the appropriate living wage for their location.

A number of senior roles, including those of the Chief Executives, sit outside the banding system, as the skill sets required to fulfil the roles are not readily measured within the NCIs' standard job evaluation system. Salaries for these roles are set individually with reference to the wider marketplace. This process is overseen by the Remuneration Committee, comprising senior trustees from each of the main NCIs. In general, these staff can expect the same percentage annual uplift for cost of living as those on the NCI bands.

The amount paid to the highest member of staff in the Council is 7:1 (2020: 7:1) times the salary earned by the lowest paid member of staff and 2:1 (2020: 3:1) times the median salary.

Staff pensions

The staff of the Archbishops' Council are either members of the Church Administrators Pension Fund defined benefit section (if employed before July 2006), or a separate defined contribution arrangement if employed subsequently. Employer contribution rates for the defined contribution scheme range from 8% to 18% depending on age and additional voluntary contributions made.

Risk Management

The Council reviews the principal and operational risk registers and risk management arrangements of the Archbishops' Council at least annually.

The Archbishops' Council's risk management policy defines its approach to risk management and outlines the roles and responsibilities of members, management, and staff. The Council reviews the principal and operational risk registers and risk management arrangements of the Archbishops' Council at least annually. The Council is in the process of developing its risk appetite statement. The Council is supported by its Audit Committee, which reviews the content of the risk registers and seeks assurance over the adequacy of arrangements in place to manage the risks regularly.

Departments and risk owners are responsible for the identification, assessment, and review of risks to the achievement of their objectives. Risks are prioritised using an agreed scoring methodology and are assessed at an inherent and residual level. The risk management process is facilitated and monitored by the Audit and Risk function. The management of key risks is subject to independent review and assurance through the internal audit process, which reports to the Audit Committee.

2021 has been a challenging year as a result of the on-going COVID-19 pandemic. Whilst these have stretched all organisations and all Church entities, including the Archbishops' Council, the Council has benefited from established risk management and business continuity processes which have mitigated some of the impacts and enabled it to respond effectively to events as they unfolded. During the year the Council began a process of staff re-structuring to increase its efficiency and effectiveness, and to better support the vision and strategy of the Church of England.

The principal areas of risk for the Archbishops' Council, as agreed by the trustees, are as shown in the table illustrated (below and in the pages that follow):

Principal risk	Summary of actions and plans to mitigate the risks
Vision & Strategy Inability to deliver upon the goals of the Vision and Strategy, as strategic initiatives do not achieve the desired growth trajectory.	Consolidation of related Archbishops' Council functions into a single Vision & Strategy team. Development of bold actions and strategic outcomes. Funding allocation criteria have been aligned to the principles of the Vision and Strategy for the 2023-25 triennium. Close working with Bishops' Diocesan Secretaries. Development of a Network of Champion Bishops to support the delivery of the Vision and Strategy. Emerging Church of England work underway, which includes Transforming Effectiveness Streams which will look to reduce costs and simplify processes across the NCIs.

Principal risk	Summary of actions and plans to mitigate the risks
<p>Younger and More Diverse</p> <p>Failure to grow worshipping communities that are younger and more diverse.</p>	<p>The Archbishops' Anti-Racism Task Force established in 2020 to address inaction in relation to racial justice, published 'From Lament to Action' in April 2021. The report sets out a series of actions for the Church, including the development of a Racial Justice Commission, which was established in 2021.</p> <p>Following the publication of the Living in Love and Faith resources during 2020, the Bishop of London is leading the 'Next Steps Group', tasked with encouraging and supporting churches to engage with the materials throughout 2021 and provide feedback via a dedicated survey. Timing of this step extended due to the pandemic.</p> <p>Development of Growing Faith Foundation initiatives during 2021, which aim to deliver a 15% increase in children and young people who are active disciples in the Church of England.</p> <p>Plans to support dioceses in their work to foster established and new churches reaching a significant number of active young disciples.</p>
<p>Ministry</p> <p>Inability to balance the supply and demand for both clergy and lay ministers, whilst working with Dioceses to provide both the quality and diversity of ministers to support the delivery of mission aim.</p>	<p>Covenant for Clergy Care and Wellbeing adopted by General Synod.</p> <p>Continuing close working with dioceses in relation to resource and financial planning, to ensure sufficient posts for stipendiary curates.</p> <p>Development of proposals and plans on lay leadership.</p> <p>Implementation of family friendly policies.</p> <p>Maintain effective and accessible BAME mentor network capacity.</p> <p>Finalise & implement Resourcing Ministerial Formation proposals.</p> <p>Launch of revised discernment process in 2021, drawing lessons from the temporary online discernment process in 2020.</p> <p>Detailed Review of Clergy Remuneration undertaken and will be discussed by the General Synod in 2022.</p>
<p>Safeguarding</p> <p>Failure to deliver core safeguarding projects and to properly embed safeguarding policies and practice across the Church.</p>	<p>NST Programme Board established in June 2021 to monitor progress against projects to deliver a range of safeguarding initiatives including, the IICSA recommendations, Past Case Reviews, and the delivery of a national casework management system.</p> <p>Interim Support Scheme in place to help Survivors in urgent and immediate need.</p> <p>Establishment of Independent Safeguarding Board in September 2021.</p> <p>Delivery of a National Clergy Register in May 2021 which enables clergy, churchwardens, and members of the public to check the bona fides of all clergy with licence or permission to officiate.</p> <p>Development of policies, training, quality assurance and culture change to improve national, diocesan, and local safeguarding capability.</p> <p>Reviewing dioceses and other Church institutions' practices and rolling out of good practice and training.</p>

Risk Management | continued

Principal risk	Summary of actions and plans to mitigate the risks
People Inability to attract/recruit and/or retain high quality staff with the requisite skills.	<p>NCI Staff Engagement Survey completed in February 2021. Action plan is closely monitored by Chief Officers of the NCIs.</p> <p>Inclusion & Belonging Strategy developed and 24-month action plan well-underway.</p> <p>Value and Behaviours workshops undertaken during 2021, resulting in the development of a refreshed set of values for staff and trustees.</p> <p>Continued focus on staff well-being with Employee Assistance programme introduced, NCI Mental Health “first-aid” support and additional resilience and mental health training provided in light of Covid-19.</p> <p>Simpler NCIs formal consultation was launched in July 2021 which included proposals affecting a number of Archbishops’ Council teams. Support sessions have been provided to Senior Leaders. Transforming Effectiveness workstreams will serve to reduce costs and simplify processes across the NCIs.</p>
Organisational Change Competing demands for staff time coupled with the volume of change initiatives, result in the failure to deliver major change programmes, as well as impeding the delivery of significant business as usual strands of work.	<p>Emerging Church Steering Group established to monitor programme and progress made towards key milestones.</p> <p>Dedicated project resource sourced where necessary.</p> <p>Pan NCI Project Review Board established to ensure projects are appropriately prioritised and individual projects are delivered to time, quality and budget.</p> <p>Staff welfare prioritised, with resilience sessions held in 2021. Mental Health First Aiders network in place.</p> <p>Emerging Church of England work underway with a key focus being on delivering simpler governance structures and transforming our national operating model.</p>
Financial Pressures Increased financial pressure on the Archbishops’ Council as a result of the Covid-19 pandemic.	<p>Continued engagement with dioceses and other Church bodies to understand their financial health, particularly the impact Covid-19 has had upon finances. In response to the financial challenges of Covid-19, the Council worked with the Church Commissioners to establish a sustainability funding grant stream to help fund dioceses’ pandemic related lost income.</p> <p>Implementation of National Giving Strategy 2020-25, with further resources being developed to support clergy and laity with digital giving.</p> <p>Budget setting and monitoring, to control expenditure and target resources.</p> <p>Savings identified through Transforming Effectiveness programme.</p>

Principal risk	Summary of actions and plans to mitigate the risks
Governance Complexity of the existing governance structure inhibits the achievement of Archbishops' Council priorities and impacts upon its ability to deliver change at pace.	<p>Board Effectiveness Review undertaken by the Council in 2021 and an associated action plan developed to deliver the recommendations.</p> <p>Establishment of Governance Review Group and issuance of subsequent report and recommendations in September 2021. The main recommendation of the Governance Review Group is to reduce the number of the national governance entities by merging the oversight of most of the Church's national activities into a single body.</p>
Reputation Reputational impact around contentious and divisive issues.	<p>Consolidation of a number of functions to create a more connected approach to interacting with and responding to key stakeholders across policy and government relations, faith relations and externally funded social projects.</p> <p>Dedicated Communications Team and development of revised Communications Strategy.</p>
Technology and Business Resilience	<p>Cyber Essentials Plus accreditation secured and key control measures are monitored on an ongoing basis by management.</p> <p>IT Security Awareness rolled out to all staff during 2021.</p> <p>Critical technology infrastructure housed in a remote location.</p> <p>Business Continuity Plan in place for the NCIs, including IT Disaster Recovery.</p> <p>Business Continuity capability tested with new emergency contact system and remote-working day well ahead of the pandemic.</p> <p>Hybrid working successfully implemented during 2021 with the Pan-NCI Covid-19 Business Continuity Group meeting regularly throughout 2021.</p>

Independent Auditor's Report

to the Trustees of the Archbishops' Council

Opinion

We have audited the financial statements of The Archbishops' Council ("the charity") for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required

compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe LLP, statutory auditor
London
United Kingdom
Date: 1 April 2022

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2021

	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2021 £'000	Total 2020 ** £'000
Income from:						
Grants, donations and legacies	2	11,783	113,097	713	125,593	143,715
Charitable activities	3	2,398	1	-	2,399	2,643
Investment income	4	-	3	99	102	116
Total income		14,181	113,101	812	128,094	146,474
Expenditure on:						
Charitable activities	5	(15,360)	(113,266)	(116)	(128,742)	(148,272)
Total expenditure		(15,360)	(113,266)	(116)	(128,742)	(148,272)
Total income less expenditure before gains on investments		(1,179)	(165)	696	(648)	(1,798)
Gains on investments	10	198	30	4,236	4,464	3,145
Net (expenditure) / income		(981)	(135)	4,932	3,816	1,347
Transfers between funds	14	2,201	-	(2,201)	-	-
Net movement in funds		1,220	(135)	2,731	3,816	1,347
Total funds at 1 January	14	6,852	7,193	35,685	49,730	48,383
Total funds at 31 December	14	8,072	7,058	38,416	53,546	49,730

The income, expenditure and other recognised gains and losses all relate to continuing operations, none of which were acquired during the year.

The notes on pages 58 to 80 form part of these financial statements.

** See following page for full breakdown of the prior year's Statement of Financial Activities.

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2020
	Notes	£'000	£'000	£'000	£'000
Income from:					
Grants, donations and legacies	2	12,412	131,303	-	143,715
Charitable activities	3	2,484	159	-	2,643
Investment income	4	4	12	100	116
Total income		14,900	131,474	100	146,474
Expenditure on:					
Charitable activities	5	(15,359)	(132,604)	(309)	(148,272)
Total expenditure		(15,359)	(132,604)	(309)	(148,272)
Total income less expenditure before gains on investments		(459)	(1,130)	(209)	(1,798)
Gains on investments	10	141	-	3,004	3,145
Net (expenditure) / income		(318)	(1,130)	2,795	1,347
Transfers between funds	14	1,452	-	(1,452)	-
Net movement in funds		1,134	(1,130)	1,343	1,347
Total funds at 1 January	13	5,718	8,323	34,342	48,383
Total funds at 31 December	13	6,852	7,193	35,685	49,730

The income, expenditure and other recognised gains and losses all relate to continuing operations, none of which were acquired during the year.

The notes on pages 58 to 80 form part of these financial statements.

BALANCE SHEET

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments	10	40,496	35,671
Programme related investments	11	3,699	3,225
Intangible fixed assets	12	213	-
Total fixed assets		44,408	38,896
Current assets			
Debtors: amounts due within one year	13	44,105	38,644
Cash equivalents		4,192	10,692
Cash at bank and in hand		5,884	8,676
Total current assets		54,181	58,012
Non-current assets			
Debtors: amounts due after one year	13	96,246	94,595
Current liabilities			
Creditors: amounts falling due within one year	14	(43,901)	(45,478)
Net current assets		10,280	12,534
Total assets less current liabilities		150,934	146,025
Non-current liabilities			
Creditors: amounts falling due after one year	14	(96,246)	(94,536)
Net assets excluding pension deficit recovery liability		54,688	51,489
Defined benefit pension scheme liability	16	(1,142)	(1,759)
Total net assets		53,546	49,730
Funds of the charity			
Unrestricted funds:			
General fund	15	2,532	2,334
Designated funds	15	6,682	6,277
Pension deficit reserve	15	(1,142)	(1,759)
Total unrestricted funds		8,072	6,852
Restricted funds	15	7,058	7,193
Endowment funds	15	38,416	35,685
Total funds of the charity		53,546	49,730

The financial statements were approved by The Archbishops' Council on 24 March 2022 and signed on its behalf by:

The Most Reverend and Rt Hon Justin Welby, Archbishop of Canterbury

Chair of the Audit Committee, Maureen Cole

The notes on pages 58 to 80 form part of these financial statements.

CASH FLOW STATEMENT

For the year ended 31 December 2021

	2021 £'000	2020 £'000
<i>Cash flow from operating activities:</i>		
Net income for the year (as per the statement of financial activities)	3,816	1,347
Gains on investments	(4,464)	(3,145)
Investment income	(102)	(116)
Increase in debtors	(7,112)	(20,625)
Increase in creditors	133	29,126
Decrease in pension liability	(617)	(645)
Net cash flow (used in) / generated by operating activities	(8,347)	5,942
Cash flows from investing activities		
Investment income	102	116
Purchase of fixed asset investments	(834)	-
Sale of fixed asset investments	-	4,112
Purchase of intangible fixed asset	(213)	-
Net cash flow provided by investing activities	(945)	4,228
Change in cash and cash equivalents in the year	9,292	10,170
Cash and cash equivalents at the start of the year	19,368	9,198
Cash and cash equivalents at the end of the year	10,076	19,368
<i>Analysis of cash and cash equivalents and net debt</i>		
Cash equivalents	4,192	10,692
Cash at bank and in hand	5,884	8,676
Total cash and cash equivalents and net debt	10,076	19,368

The notes on pages 58 to 80 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. Accounting policies

(a) Legal status

The Archbishops' Council is a statutory body established by the National Institutions Measure 1998 and was registered as a charity on 25 March 1999.

(b) Basis of preparation

The charity's financial information has been prepared in accordance with:

- Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102");
- Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ("the SORP"); and
- the Charities Act 2011.

The Council meets the definition of a Public Benefit Entity ("PBE") as set out in FRS 102, and therefore applies the PBE prefixed paragraphs in FRS 102. The financial information has been prepared on the historical cost basis (except for the revaluation of investments) and on the accruals basis.

(c) Significant judgements and estimates

The Council's key judgements and estimates, which have a significant effect on the amounts recognised in the financial statements, are described in the accounting policies and are summarised below:

- Pension deficit liabilities - estimations surrounding the recognition of the Charity's defined benefit pension deficit liabilities. Further details are disclosed in notes 1(j) and 14.
- Carrying value of programme related investments – Judgment will be applied in ascertaining whether or not indicators of impairment exist at year end and if so, what the impairment figure should be.
- Value of debtors and creditors due after more than one year – A judgement is applied in determining the appropriate discount rate to apply. Further details are disclosed in note 1(g). If the discount rate were to increase by 0.25%, the value of debtors and creditors would decrease by £708,000.
- The split between short and long term liabilities – Judgment is applied in ascertaining the likely cash flow in relation to grant payments to dioceses, on an annual basis. This is based on historic annual spend levels and adjusted for delays in anticipated expenditure as a result of COVID-19.

(d) Going concern

The trustees have reasonable expectation that the Council has adequate resources and cash flows to meet spending commitments for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts. The Council has evaluated the nature of its key sources of income, particularly including distributions made by the Church Commissioners, apportionment contributions made by dioceses and grants from other bodies. It has considered the charity's ability to withstand a material fall in income and the mitigating actions which could be taken in such a scenario including the types of expenditure which could be reduced or delayed. It has also analysed the strength of the available reserves and liquid assets, including modelling the effect of a significant reduction in investment values. The Council considers that it has sufficient reserves to withstand such an eventuality, taking account of restricted funds with sufficiently broad purposes to fund the majority of the Council's operating expenditure.

With respect to the next reporting period, the most significant areas of uncertainty that affect the carrying value of assets held by the Charity are the level of investment return and the performance of investment markets (see the "Investment Policy and use of Restricted Funds" and "Risk Management" sections of the trustees' annual report for more information).

(e) Funds structure

Unrestricted funds

General Funds are funds of the Council which can be used for its general charitable objects to coordinate, promote, aid and further the work and mission of the Church of England.

Designated Funds are funds which the Council has earmarked for a particular purpose. There are no legally binding restrictions on them and the Council is free to re-designate these funds should this be appropriate. The purpose of each designated fund is disclosed in the statement of funds (note 15).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. Accounting policies (continued)

Restricted funds

Restricted Funds are subject to specific conditions imposed by the donor, these conditions being legally binding upon the Council.

Endowment funds

Permanent endowment funds are created when a sum of money is received from a donor who specifies that it must not be spent as if it were income. Usually the donor will instruct that the sum of money must be invested, and the income generated must be spent on certain specified purposes.

Expendable endowment funds are sums of money donated where there is a power to convert the capital of the fund to income at the trustees' discretion.

Further details of each fund are shown in note 15.

(f) Income recognition

All income is recognised when the Council is legally entitled to the income, it is probable the income will be received, and the amount can be measured reliably.

Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. Residuary legacies are recognised as receivable once probate has been granted, it is confirmed that there are sufficient assets to pay the legacy, and there are no conditions attached to the legacy that are outside the control of the Council. Values are reviewed and adjusted up to the point of accounts approval.

(g) Grant recognition

An agreement is in place whereby the Church Commissioners provide funding to match the grant payments made to dioceses. As a result, income is accrued at the year-end (note 13) to match the Council's grant commitment to the dioceses (note 14).

Grants awarded are recognised when a firm commitment to provide funding is made and there is evidence of a constructive obligation to the beneficiary. Details of the Council's grant making activities are outlined in note 6. Any ministry training maintenance grants for the Lent term of the following year, paid in the current year, are accounted for as prepayments.

The long-term debtor and creditor balances are discounted to present value. The discount rate applied uses Bank of England spot curve data to calculate the expected future yield on the assets earmarked for making these grant payments.

(h) Expenditure recognition

Expenditure and liabilities are recognised when a legal or constructive obligation exists to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

The Council's expenditure on charitable activities is described in note 5. Grants awarded (note 6) are allocated directly to activities. Direct costs (note 7) and support costs (note 8) are apportioned according to an activity-based time split.

Investment managers' fees are not disclosed within expenditure. The Council's investments are principally held in collective investment schemes. Fees levied on the schemes are allocated by the schemes to income and capital prior to distribution to fund holders, therefore investment income and realised gains are shown net of applicable fees.

(i) Fixed assets

Investments: Investment funds (note 10)

Investment funds are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Net gains and losses arising on revaluation and disposals throughout the year are recognised in the SOFA. The Council does not acquire put options, derivatives or other complex financial instruments.

All investments are invested on an accumulation basis (except for investments held within permanent endowment funds).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. Accounting policies (continued)

Investments: Programme related investments (note 11)

The Council recognises its programme related investments at their initial cost, less any impairments.

(j) Pensions

Staff pensions are described in note 16. Defined benefit schemes are considered to be multi-employer schemes as described in FRS 102 paragraph 28.11 as assets cannot be accurately allocated between the member organisations. Consequently the schemes are accounted for as if they were defined contribution schemes, where employer contributions payable in the year are charged to expenditure. The National Church Institutions' (NCIs) pension scheme liability is calculated by actuaries Lane Clark and Peacock (LCP) LLP. The Church of England Pensions Board took advice from LCP and have determined the method and assumptions to use for this valuation in consultation with the employers. The valuation adopts the 'projected unit method', under which the technical provisions are calculated as the amount of assets required as at the valuation date to meet the projected benefit cash flows, based on benefits accrued to the valuation date and the various assumptions made.

The pension fund faces a number of risks. In particular, the actual returns on the fund's assets may prove to be higher or lower than those anticipated in the calculation of the technical provisions. The greater the returns anticipated, the greater is the chance that actual returns will be lower, leading to the need for additional employer contributions in the future. Similarly, there is the risk that the other assumptions adopted are not borne out by future experience. A liability is recorded within provisions for any contractual commitment to fund past service deficits.

(k) Leases

Rent paid in relation to operating leases is charged to the SOFA in equal amounts over the period of the lease. All leases are operating leases as the risks and rewards of ownership have not transferred to the Council.

(l) Taxation

The Council, as a registered charity, is exempt from taxation on its income and gains falling within Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to their charitable purposes.

In common with many other charities, the Council is unable to recover the entirety of Value Added Tax (VAT) incurred on expenditure. The amount of VAT that cannot be recovered is included within the underlying cost to which it relates.

(m) Related parties

The Church of England is governed by a large number of legally independent bodies in its parishes, cathedrals and dioceses as well as at national level. These bodies, with the exception of those set out below, are not related parties as defined in the Charities SORP or Section 33 of FRS 102. Transactions and balances with these bodies are accounted for in the same way as other transactions and, where material, are separately identified in the notes to the financial statements.

The Council, together with the Church Commissioners and the Church of England Pensions Board are equal partners in Church of England Central Services (ChECS), a joint venture (jointly controlled entity). The Council's interest in ChECS is not consolidated as the Council is not a group. Any balances owing to or from ChECS are recorded in debtors/creditors. Further detail is provided in note 19.

The Council is also a related party to the following pension funds, operated by the Church of England Pensions Board: Church of England Funded Pension Scheme; Church Administrators Pension Fund, Church Workers Pension Fund. Details about the pension funds, including contributions paid, are given in note 16.

The Council, together with the Catholic Trust for England and Wales, jointly controls Safe Spaces England and Wales which meets the definition of a programme related investment. Further information is given in notes 10 and 19.

(n) Cash at bank and in hand and cash equivalents.

Cash at bank and in hand includes deposits which can be withdrawn within 24 hours without penalty. Cash equivalents include deposits which have a maturity period of 3 months or less and are not subject to significant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. Income from grants, donations and legacies

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000
Grants received from:							
Church Commissioners	1,404	84,441	-	85,845	1,000	95,052	96,052
The Pilgrim Trust	-	334	-	334	-	75	75
Cathedral and Major Churches Grant Scheme	-	4,418	-	4,418	-	10,083	10,083
Corporation of the Church House	-	1,752	-	1,752	-	1,752	1,752
Others	44	3,632	-	3,676	88	481	569
Discounting adjustment	-	(3,083)	-	(3,083)	-	1,598	1,598
Total grants received	1,448	91,494		92,942	1,088	109,041	110,129
Contributions from dioceses	10,315	21,144	-	31,459	11,095	21,830	32,925
Legacies	22	40	713	775	215	-	215
Other donations	(2)	419	-	417	14	432	446
Total income from donations and legacies	11,783	113,097	713	125,593	12,412	131,303	143,715

Grant income from the Church Commissioners

Restricted grant income from the Church Commissioners is used by the Council to support investment in the spiritual and numerical growth of the Church, with funds earmarked for the support and development of mission in the lowest income communities, and for new growth opportunities in the Church. As of 2020, new grant streams have provided for (amongst other things) a national strategy to promote generosity, a strategic transformation programme for dioceses, and sustainability funding to support dioceses through the ongoing financial impact of the pandemic (see note 6 for details).

Cathedral and Major Churches Grant Scheme

Grant funding totalling £4.3 million (2020: £10 million), along with an additional amount to cover administrative costs, has been awarded to the Archbishops' Council from the Government's Cultural Recovery Fund, to be spent on 21 cathedral and major church projects before June 2022 (2020: to be spent on 68 cathedral and major church projects before April 2021).

For related grant expenditure, see notes 5 and 6(d) for further information.

Grant from Corporation of the Church House

The Corporation awarded the Council grants of £1.75 million in 2021 (2020: £1.75 million) which the Council used to support its Safeguarding work.

Discounting adjustment

The adjustment shown is the difference between the discounting required on grants receivable at the beginning and end of the financial year. The principal reason for changes in the discounting adjustment shown above is changes in the discount rates used.

3. Income from charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000
Accommodation – income from sub-tenants	1,446	-	-	1,446	1,602	-	-	1,602
Church House Publishing	412	-	-	412	338	-	-	338
Conferences and courses	30	-	-	30	34	-	-	34
Other income	510	1	-	511	510	159	-	669
Total income from charitable activities	2,398	1	-	2,399	2,484	159	-	2,643

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. Income from investments

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2021	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dividends	-	-	98	98	-	-	100	100
Interest on cash and deposit funds	-	3	1	4	4	12	-	16
Total income from investments	-	3	99	102	4	12	100	116

5. Expenditure on charitable activities

	Grants awarded	Direct costs	Support costs	Total 2021	Grants awarded	Direct costs	Support costs	Total 2020
	Note 6	Note 7	Note 8					
Charitable objective	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Evangelism	12,877	2,300	783	15,960	25,132	1,937	926	27,995
Discipleship	-	1,033	525	1,558	-	800	583	1,383
Ministry	67,766	2,422	825	71,013	62,868	2,441	1,136	66,445
Common good	49	1,860	606	2,515	-	1,660	755	2,415
Education	135	515	155	805	90	568	241	899
Resources for the Church	25,341	1,099	1,074	27,514	39,721	1,033	1,216	41,970
Safeguarding	968	4,350	1,356	6,674	393	2,616	1,203	4,212
Governance for the Church	-	1,074	845	1,919	-	1,298	1,054	2,352
A Church for all people	-	569	215	784	-	387	214	601
Total charitable expenditure	107,136	15,222	6,384	128,742	128,204	12,740	7,328	148,272

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. Grant making

A full list of grants awarded to institutions is available on the website: www.churchofengland.org.

Long-term grant funding is discounted to reflect the net present value of future payments. The discount rate used varies based on the time until the creditor is due to be settled.

a) Evangelism

	2021	2020
	£'000	£'000
Strategic development funding to 8 dioceses (2020: 8)	14,119	22,562
<i>Other Evangelism grants awarded:</i>		
SDF Non-Diocesan grants	-	-
Grants awarded from the Mission Agencies Pension Contributions Fund	517	661
Grants awarded to Church Urban Fund	203	203
Other institutions	380	106
Total grants awarded for Evangelism before discounting	15,219	23,532
Discounting adjustment	(2,342)	1,600
Total grants awarded for Evangelism	12,877	25,132

Grants for Evangelism were distributed to dioceses under the Strategic Development Funding (SDF) stream. This funding for new growth opportunities aims to support major change projects which fit with dioceses' strategic plans. Dioceses are accountable to the Council in respect of these grants and provide details of how they have spent the grants.

The Church Commissioners are statutorily required under the Church of England Pensions Measure 2018 to meet the pension costs of clergy who are employed by those mission agencies which were Church of England members of the Partnership for World Mission at the time the Measure was passed. By agreement, the Council met the full cost of this liability, which was £517,000 (2020: £661,000). The contribution was made in respect of an average number of clergy of 61 in 2021 (2020: 69).

b) Ministry

	2021	2020
	£'000	£'000
Lowest Income Communities (LInC) funding (to 27 dioceses (2020: 27))	27,354	26,442
Transitional funding (2017-2026) (to 18 dioceses (2020: 20))	6,704	8,261
Grants for ministry training (to 10 individuals and 64 institutions (2020: 21 individuals and 75 institutions))	16,604	17,190
Grants for clergy retirement housing (to the Church of England Pensions Board)	5,431	5,299
Strategic Ministry Funding (to 25 dioceses (2020: 21 dioceses))	11,297	5,446
Other grants	566	234
Total grants awarded for Ministry before discounting	67,956	62,872
Discounting adjustment	(190)	(4)
Total grants awarded for Ministry	67,766	62,868

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. Grant making (continued)

b) Ministry (continued)

LInC funding provides funding for mission in communities with the lowest incomes. The distribution of funds is formula-based - the allocation method begins by assessing the average income of the residents of each diocese. The funding goes to dioceses whose residents have an income below the national average. The Council has provided dioceses with an illustration of the sums it hopes to be able to grant in Lowest Income Communities Funding and Transition Funding in 2022 (£28.3m and £5.3m respectively). It was communicated to dioceses that these grants will only be made if the Church Commissioners provide the Council with the necessary funding in the year, and so these amounts are not included as liabilities within the financial statements.

Transition funding is distributed (at a declining rate over ten years from 2017) to dioceses whose funding for the support of the lowest income communities is less than under the previous 'Darlow' grant funding method which ended in 2016.

Grants awarded for ministry training have been paid to Dioceses since September 2017. Ordinands entering training now have their tuition fees and some allowances paid for by a block grant, given to dioceses according to the number and ages of their ordinands, irrespective of their pathway choice. Grant funding for Ministry training is recognised and paid over a period of up to three years, subject to successful completion of each term of training. Accordingly, the value of grant funding recognised in the year represents funding awarded for the period to the end of December 2021. If all ordinands in training at 31 December 2021 were to complete their training, the Council would award a further £22.8 million in grants over the next 2.5 years. This is expected to be funded from future years' Training for Ministry diocesan apportionment income.

The Archbishops' Council provides funding to the Church of England Pensions Board to enable it to offer subsidised housing to retired clergy. The grant helps funds the repair, maintenance and other costs associated with properties available for retired clergy to rent or occupy under licence.

Strategic Ministry Funding is intended to provide financial support to dioceses for growth in the number of clergy, including support for pensions and housing, in a tailored manner so that it is proportionately higher for those dioceses that need it most.

The Additional Ordinands Funding is intended to meet costs of training the incremental increase in ordinands throughout the next triennium, supporting dioceses to deliver the Church wide goal of providing for future ordained ministry through increasing the number of ordinands by 50%.

c) Common Good

	2021	2020
	£'000	£'000
Environmental projects grants (12 grants to 12 dioceses (2020: 0 grants to 0 dioceses))	49	-
Total grants awarded for the Common Good	49	-

These are grants awarded to dioceses for various projects including working towards net zero carbon, land and bio diversity, worship and teaching, and community engagement.

d) Education

	2021	2020
	£'000	£'000
Church Colleges of Education Fund	10	75
Other	125	15
Total grants awarded for Education	135	90

The Church Colleges of Education Fund provides funds to advance education by promoting the effectiveness of Church of England Colleges of Higher Education and Universities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. Grant making (continued)

e) Resources for the Church

	2021	2020
	£'000	£'000
Grants awarded from the Grants and Provisions Fund:		
Anglican Communion Office	626	626
Churches Together in England	150	150
Other institutions	216	216
Total grants awarded from the Grants and Provisions Fund	992	992
Grants awarded for development of Church buildings for worship and service:		
Grants funded by the Pilgrim Trust (to 103 institutions (2020: 109 institutions))	190	169
Grants funded by the Cathedral and Major Churches Grant Scheme (to 21 cathedrals/ institutions (2020: 68 cathedrals/ institutions))	4,480	9,933
Other cathedral grants	33	29
Total grants awarded for development of Church buildings for worship and service	4,703	10,131
Other grants awarded:		
Parish Giving Scheme	-	579
Strategic Transformation Funding (to 11 dioceses (2020: 15 dioceses and one non diocese))	8,935	11,407
National Giving Strategy (to 18 dioceses (2020: 11 dioceses))	1,963	1,524
Sustainability Funding (to 17 dioceses (2020: 24 dioceses))	9,299	14,922
Other grants	-	166
Total grants awarded for Resources for the Church before discounting	25,892	39,721
Discounting adjustment	(551)	-
Total grants awarded for Resources for the Church	25,341	39,721

The Cathedral and Major Churches Grant Scheme was awarded to the Archbishops' Council from the Government's Cultural Recovery Fund, to be administered by an Expert Panel.

Strategic Transformation Funding is for those dioceses facing financial difficulties wishing to undertake major restructuring programmes in order to better align with their strategic plans and make a significant difference to their mission and financial strength, in turn supporting the Church's sustainable growth.

The National Giving Strategy funding is to support a new strategy over the next five years to encourage giving and generosity in churches. Grants are awarded to dioceses to help them implement this strategy.

Sustainability Funding grants are awarded to dioceses to help mitigate the loss of income caused by the COVID-19 pandemic.

f) Safeguarding

	2021	2020
	£'000	£'000
Past Cases Review 2 (12 grants to 12 dioceses (2020: 7 grants to 7 dioceses))	257	126
Interim support scheme (84 grants to 44 people (2020: 10 grants to 10 people))	711	267
Total grants awarded for Safeguarding	968	393

All 42 dioceses in the Church of England have been asked to conduct a review of past safeguarding cases, to build on the work of the previous past cases review which took place between 2007 and 2009 and was deemed not to be

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. Grant making (continued)

comprehensive enough. The Council has agreed to grant 50% of the total costs of such a review up to a maximum of £30,000 per diocese.

The Survivor Support Scheme was established in 2020 to provide emergency support to survivors of Church-related abuse.

7. Direct costs

Charitable objective	Administration and central office costs	Department running costs	2021 Total	Administration and central office costs	Department running costs	2020 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Evangelism	474	1,826	2,300	162	1,775	1,937
Discipleship	213	820	1,033	67	733	800
Ministry	499	1,923	2,422	204	2,237	2,441
Common good	383	1,477	1,860	139	1,521	1,660
Education	106	409	515	47	521	568
Resources for the Church	226	873	1,099	86	947	1,033
Safeguarding	1,025	3,325	4,350	216	2,400	2,616
Governance for the Church	221	853	1,074	108	1,190	1,298
A Church for all people	117	452	569	32	355	387
Total direct costs	3,264	11,958	15,222	1,061	11,679	12,740

Direct costs are costs incurred by the Council to directly fund its charitable activities. Central costs are apportioned according to an activity-based time split. Administration and Central Office costs include costs associated with holding conferences and courses, costs associated with Church House Publishing, and other costs such as non-staff expenses. Department running costs include staff remuneration costs (per note 9), departmental legal and professional fees, plus other departmental expenses. Total legal and professional fees incurred by Archbishops' Council departments during 2021 were £2,424,000 (2020: £1,786,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. Support costs

	Note	2021 Total £'000	2020 Total £'000
Support costs			
Accommodation		2,459	2,852
Shared service costs		3,786	4,217
Other		-	72
Total support costs		6,245	7,141
Governance costs			
Audit fees		33	39
Internal audit and risk management		122	92
Membership and committees		2	2
Total governance costs		157	133
Sub-Total		6,402	7,274
Movement on pension deficit provision			
Interest on provision	16	3	22
Re-measurement of provision	16	(21)	32
Total support and governance costs 2021		6,384	7,328
Total support and governance costs 2020			7,328

Support costs are costs incurred by the Council for administering its charitable activities. These costs include salaries, other running costs and a share of overheads. Overheads are apportioned according to an activity-based time split.

Shared services include the Council's share of the costs incurred by Church of England Central Services (ChECS), a charitable joint venture between the Council, Church Commissioners and the Church of England Pensions Board established to facilitate the provision of cost-effective shared financial, legal and other services.

Governance costs relate to the general running of the Council including supporting the work of its committees and audit costs.

Expenses incurred by members in attending Council and committee meetings and on other business of the Council were reimbursed to 4 members (2020: 9) totalling to £1,700 (2020: £2,800). The members of the Council have no entitlement to salary or pension arising from their services to the Council.

9. Staff numbers and remuneration

The Council is joint employer, together with the other NCIs, of most of the staff of the NCIs, one of which is specified as their managing employer. The Chief Executive is employed directly by the Council.

The work of the Council is supported by staff in shared service departments managed by Church of England Central Services (ChECS) (see note 19) which provides finance, HR, communications, legal, IT and internal audit services to the NCIs. The SORP requirements are that the costs of staff employed by third parties who operate on behalf of the Charity should be disclosed in the accounts. In order to comply with the spirit of the SORP, the total costs of all ChECS staff are shown in the tables. The Council's share of their costs was £3,813,000 (2020: £3,987,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. Staff numbers and remuneration (continued)

The cost of staff for which the Council is the managing employer and for ChECS (in total) was:

	Archbishops' Council		ChECS	
	2021	2020	2021	2020
	Number	Number	Number	Number
Average Number Employed	162	141	177	178
	£'000	£'000	£'000	£'000
Salaries	6,869	6,345	8,504	8,189
National Insurance Costs	771	714	948	911
Pension Contributions	932	904	1,201	1,115
Total cost of staff	8,572	7,963	10,653	10,215

Included in the Council's own staff costs is £75,400 (2020: £57,900) paid by way of redundancy costs to 2 (2020: 5) individuals. (Note – the ChECS pension contributions figures do not include the ChECS pension deficit contributions, the Councils' share of which is accounted for on the Councils' balance sheet).

The number of staff whose emoluments for the year fell in the following bands were:

	Archbishops' Council		ChECS	
	2021	2020	2021	2020
	Number	Number	Number	Number
£60,001 to £70,000	6	5	17	14
£70,001 to £80,000	5	2	4	7
£80,001 to £90,000	5	7	3	2
£90,001 to £100,000	2	-	2	3
£100,001 to £120,000	-	-	7	5
£120,001 to £130,000	-	-	1	-
£130,001 to £140,000	-	1	1	1
£180,001 to £190,000	1	1	-	-

Of the staff above managed by the Council, 16 (2020: 11) accrue benefits under the CAPF defined contribution scheme for which contributions for the year were £190,000 (2020: £137,000). A further 2 staff (2020: 4) accrue benefits under defined benefit schemes, with 2 (2020: 3) in the CAPF and 0 (2020: 1) in the CEFPS. Defined benefit contributions for the year for these staff were £38,000 (2019: £49,000).

Of the staff above managed by ChECS, 30 (2020: 28) staff members accrue benefits under the CAPF defined contribution scheme for which contributions for the year were £330,000 (2020: £295,000). The remaining 5 staff members (2020: 4) accrue benefits under a defined benefit scheme. Defined benefit contributions for the year for these staff were £105,000 (2020: £71,000).

The Council's senior executive leadership team comprises 16 individuals, for whom the Archbishops' Council was the managing employer of 8 individuals and ChECS was the managing employer of 8. Their aggregate remuneration, including pension contributions, is £2,048,000 (2020: £1,730,000).

Staff loans

Interest-free loans are made available to all staff for travel season tickets and for the purchase of bicycles and electric scooters.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. Investments

	2021	2020
	£'000	£'000
At 1 January	35,671	36,638
Additions	360	-
Disposals	-	(4,112)
Unrealised gains /(losses) on revaluation	4,465	3,145
At 31 December	40,496	35,671

Investment funds

Funds were principally held in collective investment schemes managed by Sarasin & Partners LLP and CCLA Management Limited. Investments were held as follows:

	2021	2020
	£'000	£'000
Sarasin	27,305	24,533
CCLA	13,184	11,130
Other	7	7
At 31 December	40,496	35,670

The investment funds consisted of the following underlying assets:

	2021	2020
	£'000	£'000
Equities	30,265	26,463
Property	1,592	1,021
Index linked / Fixed interest securities	2,854	3,313
Infrastructure / Alternative	3,630	3,261
Cash and cash equivalents	2,155	1,612
At 31 December	40,496	35,670

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. Programme related investments

Two properties are held by the Council and meet the definition of 'programme related investments' as set out in the SORP. The properties meet the educational objects of the charity as they are both leased to charities which are obliged to maintain an Anglican ethos.

The freehold at Parkstead, Roehampton is leased to the Whitelands College Foundation on two long leases.

The freehold interest in St Katherine's College, Childwall, Wavertree, Liverpool is leased to Liverpool Hope University on a long lease.

Safe Spaces England and Wales (Safe Spaces) is a charitable jointly controlled entity between the Archbishops' Council and the Catholic Trust for England and Wales (CaTEW) and therefore also meets the definition of a programme related investment.

In addition, the Social Impact Investment fund established during the year qualifies as a programme related investment, being funding made available by the Church Commissioners specifically to advance the missional objectives of the Church and particularly focussed on alleviating the effects of poverty through addressing housing needs, widening access to responsible finance and caring for the environment.

	2021	2020
	£'000	£'000
At 1 January	3,225	3,225
Additions – Social Impact Fund	474	-
Additions – Safe Spaces	281	-
Impairment	(281)	-
At 31 December	3,699	3,225

As at 31 December 2021, a further £2.1 million had been committed from the Council's Social Impact Fund, with the aims of providing affordable loans to charities and social enterprises as they seek to recover from the effects of COVID-19, and providing safe housing to vulnerable women. This will be paid over in subsequent years.

12. Intangible fixed assets

A National Safeguarding Casework Management System is currently being developed. Initial project definition and research costs (incurred across January – September 2021) were expensed. From October 2021 the project moved into delivery stage, during which costs have been capitalised, with a contract agreed with The Safeguarding Company to create a system that will be adopted by the National Safeguarding Team and ultimately all dioceses and cathedrals of the Church of England. It is planned for the system to be piloted within 11 volunteer dioceses by Summer 2022 and for full rollout to all dioceses and cathedrals in 2023.

	2021	2020
	£'000	£'000
At 1 January	-	-
Additions	213	-
Amortisation	-	-
At 31 December	213	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

13. Debtors

	2021	2020
	£'000	£'000
Amounts due within one year		
Trade debtors	293	428
Prepayments	90	93
Amounts due from NCIs	3,711	3,133
Amounts due from colleges and schools	81	110
VAT and social security	132	63
Other debtors	924	115
Grants receivable – SDF diocesan and restructuring grants	24,753	25,807
Grants receivable – SDF non-diocesan grants	604	840
Grants receivable – Strategic Ministry Funding	4,945	1,761
Grants receivable – Strategic Transformation Funding	5,010	3,445
Grants receivable – National Giving Strategy	706	580
Grants receivable – Cathedrals and Major Churches Grant Scheme	2,322	2,000
Grants receivable – other grants	534	269
Total debtors due within one year	44,105	38,644
Amounts due after more than one year		
Grants receivable – SDF diocesan and restructuring grants	75,865	82,792
Grants receivable – SDF non-diocesan grants	124	346
Grants receivable – Strategic Ministry Funding	7,681	2,956
Grants receivable – Strategic Transformation Funding	13,414	7,725
Grants receivable – National Giving Strategy	2,357	888
Total before discounting adjustment	99,441	94,707
Discounting adjustment	(3,195)	(112)
Total debtors due after one year	96,246	94,595
Total debtors	140,351	133,239

14. Creditors

	2021	2020
	£'000	£'000
Amounts due within one year		
Trade creditors	368	624
Grants payable – SDF diocesan and restructuring grants	24,832	25,807
Grants payable – SDF non-diocesan grants	455	480
Grants payable – other grants	1,594	979
Grants payable – Strategic Ministry Funding	4,945	1,761
Grants payable – Strategic Transformation Funding	5,010	3,445
Grants payable – National Giving Strategy	706	580
Grants payable – Cathedrals and Major Churches Grant Scheme	4,168	8,931
Accruals and deferred income	1,283	2,001
Amounts due to NCIs	370	783
Other creditors	170	87
Total creditors due within one year	43,901	45,478

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

14. Creditors (continued)

Amounts due after more than one year

Grants payable - SDF diocesan and restructuring grants	75,865	82,792
Grants payable - SDF non-diocesan grants	124	287
Grants payable – Strategic Ministry Funding	7,681	2,956
Grants payable – Strategic Transformation Funding	13,414	7,725
Grants payable – National Giving Strategy	2,357	888
Total before discounting adjustment	99,441	94,648
Discounting adjustment	(3,195)	(112)
Total creditors due after more than one year	96,246	94,536
Total creditors	140,147	140,014

For grants payable due in more than one year, the grant funding is due to be settled in the following periods:

Grant stream	2023	2024	2025	2026	2027	2028 and beyond	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
SDF, Capacity and Restructuring	31,804	22,377	12,977	6,161	2,117	430	75,866
SDF Non-Diocesan	142	-	-	-	-	-	142
Strategic Ministry Funding	4,656	3,024	-	-	-	-	7,680
Strategic Transformation Funding	4,337	3,505	2,857	1,824	873	-	13,396
National Giving Strategy	697	689	619	352	-	-	2,357
Total before discounting adjustment	41,636	29,595	16,453	8,337	2,990	430	99,441
Discounting adjustment	(847)	(967)	(716)	(443)	(190)	(32)	(3,195)
Total	40,789	28,628	15,737	7,894	2,800	398	96,246

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Reconciliation of deferred income

	2021
	£
Deferred at 1 January 2021	27,522
Released during the year	27,522
Deferred during the year	28,722
Deferred at 31 December 2021	<u>28,722</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. Statement of funds

The table below shows details of 2021 movements on funds material to the Council in terms of fund value or in-year movement or those funded by diocesan apportionment (*).

Fund	Fund balance brought forward	Income	Expenditure	Transfers	Gains and losses	Fund balances carried forward
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
General Fund	2,334	13,477	(15,474)	1,997	198	2,532
Designated funds						
Church Schools Fund	541	-	(126)	-	-	415
Church House planned maintenance	622	125	(102)	85	-	730
Programme related investments	3,225	474	(281)	281	-	3,699
CHARM (*)	411	-	-	-	-	411
Other designated funds	1,478	105	6	(162)	-	1,427
Total designated funds	6,277	704	(503)	204	-	6,682
Total unrestricted funds before pension reserve	8,611	14,181	(15,977)	2,201	198	9,214
Pension deficit reserve	(1,759)	-	617	-	-	(1,142)
Total unrestricted funds	6,852	14,181	(15,360)	2,201	198	8,072
Restricted funds						
Training for ministry fund (*)	2,572	16,737	(16,592)	-	-	2,717
Grants & provisions fund (*)	348	1,262	(1,195)	(150)	-	265
Mission agencies pension contributions (*)	285	661	(517)	-	-	429
CHARM (*)	401	5,431	(5,431)	-	-	401
Dioceses Fund	1,018	250	(250)	-	-	1,018
Legal costs	925	-	(303)	150	-	772
Strategic Development Funding (Diocesan)	-	14,151	(14,151)	-	-	-
Strategic Development Funding (Non-Diocesan)	419	(6)	(279)	-	-	134
Lowest Income Communities Funding (LInC)	-	27,354	(27,354)	-	-	-
Transition Funding	-	6,704	(6,704)	-	-	-
Cathedral and Major Churches Grant Scheme	150	4,418	(4,486)	-	-	82
Strategic Ministry Funding	-	11,402	(11,401)	-	-	1
Sustainability Funding	-	9,299	(9,299)	-	-	-
National Giving Strategy	-	2,508	(2,508)	-	-	-
Strategic Transformation Funding	-	9,011	(9,011)	-	-	-
Safeguarding Funding	-	1,752	(1,752)	-	-	-
Digital Funding	-	1,298	(1,298)	-	-	-
Grant discounting	-	(3,083)	3,083	-	-	-
Other restricted funds	1,075	3,952	(3,818)	-	30	1,239
Total restricted funds	7,193	113,101	(113,266)	-	30	7,058
Endowment funds						
Expendable endowment funds						
The Archbishops' Council Ministerial Training Trust Fund	904	753	2	(320)	114	1,453
Church Colleges of Education Fund	4,233	23	(10)	-	537	4,783
Church and Community Fund	21,399	13	-	(1,875)	2,673	22,210
Church of England Special Purposes Fund	2,004	-	-	142	254	2,400
Women's Continuing Ministerial Education Trust	1,737	-	(55)	132	224	2,038
MPA Sundry Funds	454	-	(30)	(60)	28	392
Other expendable endowment funds	1,250	-	-	-	71	1,321
Total expendable endowment funds	31,981	789	(93)	(1,981)	3,901	34,597
Permanent endowment funds						
The Archbishops' Council Ministerial Training Trust Fund	1,824	-	-	-	175	1,999
Church Colleges of Education Fund	793	-	(2)	(32)	77	836
Other permanent endowment funds	1,087	23	(21)	(188)	83	984
Total permanent endowment funds	3,704	23	(23)	(220)	335	3,819
Total endowment funds	35,685	812	(116)	(2,201)	4,236	38,416
Total funds of the charity	49,730	128,094	(128,742)	-	4,464	53,546

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. Statement of funds (continued)

Fund	Fixed Assets	Cash & Short Term Deposits	Debtors	Creditors	Provision for Pension Liability	Net assets
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	5,679	1,246	3,928	(1,639)	(1,142)	8,072
Restricted Funds	390	9,429	135,708	(138,469)	-	7,058
Endowment Funds	38,339	(599)	715	(39)	-	38,416
Total	44,408	10,076	140,351	(140,147)	(1,142)	53,546

Unrestricted funds: General Fund

This fund is for general use in meeting national Church responsibilities and is not designated for particular purposes.

Unrestricted funds: Designated funds

These funds comprise unrestricted funds which the Council has designated to be set aside for stated purposes:

Church Schools Fund is used to meet the cost of short-term loans to schools and grants to the Church Schools of the Future project.

Church House Planned Maintenance Fund comprises accumulated amounts set aside to meet maintenance costs related to the occupation of Church House.

Programme related investments fund represents the carrying value of the Council's properties, Safe Spaces and the Social Impact Investment fund (see note 11 for details)

Pension deficit reserve represents the valuation of the deficit contributions to be met by the Council – see note 16 for further details.

Restricted funds

Training for Ministry Fund provides funds towards training for ordained ministry. This fund covers the tuition costs, university fees, college fees, personal maintenance and books and travel costs of sponsored ordinands prior to ordination.

The Grants and Provisions Fund provides funds towards the work of the Anglican Communion Office, the national and international ecumenical agencies, Church Urban Fund, Fresh Expressions and the Legal Costs Fund.

Mission Agencies Pensions Contributions Fund provides for pension contributions in respect of clergy who are employed by the mission agencies.

The Church's Housing Assistance for the Retired Ministry (CHARM) Fund provides grants to subsidise the scheme, which is administered by the Church of England Pensions Board to provide housing for those retiring from stipendiary ordained & lay ministry.

The Dioceses Fund holds other grants received from the Church Commissioners for distribution to the dioceses.

The Legal Costs Fund includes the Legal Aid Fund. General Synod is required by Measure to maintain a Legal Aid Fund, which is held by the Council on its behalf, to meet the costs of ecclesiastical legal aid awarded by the Legal Aid Commission.

Strategic Development Funding (Diocesan) is the vehicle by which grant funding from the Church Commissioners is distributed to dioceses to aid new growth opportunities.

Strategic Development Funding (Non-Diocesan) represents SDF funding made directly to the Archbishops' Council to support Renewal and Reform, and Research, Evaluation and Dissemination projects.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. Statement of funds (continued)

Restricted funds (continued)

Lowest Income Communities Funding provides funding for mission in communities with the lowest incomes.

Transition Funding represents grants to dioceses whose funding for the support of the lowest income communities is less than under the previous grant funding method used until the end of 2016.

Cathedral and Major Churches Grant Scheme is to provide funding for cathedral and major church building works, up until 30 June 2022.

Additional Ordinands Funding is to support dioceses to deliver the goal of providing for future ordained ministry through increasing the number of ordinands by 50%.

Strategic Ministry Funding represents funding support for which dioceses can apply to help meet the incremental costs caused by an increased number of ordinands being trained.

Sustainability Funding is to support dioceses in the face of COVID19 related loss of income.

Strategic Transformation Funding is to provide funding for those dioceses facing significant financial challenge and to support restructuring with the aim of sustainable growth

National Giving Strategy is to support a new strategy over the next five years to encourage giving and generosity in churches

Safeguarding funding is grant money from the Corporation of the Church House to be spent on the Safeguarding objective

Digital funding is grant money from the Church Commissioners to support the work of the Digital team, part of Renewal and Reform to help the Church become for all people and all places

Endowment funds

Archbishops' Council Ministerial Training Trust Fund supports the training and maintenance of persons undergoing training for ordained ministry in the Church of England. This fund has an element that is expendable and an element that is permanent.

The Church Colleges of Education Fund provides funds to advance education by promoting the effectiveness of Church of England Colleges of Higher Education and Universities. This fund has an element that is expendable and an element that is permanent.

Church and Community Fund promotes the charitable work of the Church of England, by making grants towards the work of the Council generally.

Church of England Special Purposes Fund exists to provide for the advancement of religion in accordance with the doctrine of the Church of England.

Women's Continuing Ministerial Education Trust Fund exists to further the continuing ministerial education of those women in the Church of England and the Scottish Episcopal Church who are in need of financial assistance.

Transfers

The Council makes transfers of surpluses arising within general unrestricted funds to specific designated funds. Transfers are made from expendable endowment funds to income funds to spend in accordance with the purpose of the underlying endowment.

The most significant transfers during the year were:

- £1,875,000 transferred from the Church & Community (Endowment) Fund to general funds to meet general operating activities and safeguarding grants.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. Statement of funds (continued)

For **comparative purposes**, the table below shows details of **2020** movements on funds material to the Council in terms of value (more than £500,000) or those funded by diocesan apportionment (*).

Fund	Fund balance brought forward	Income	Expenditure	Transfers	Gains and losses	Fund balances carried forward
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
General Fund	2,195	14,580	(15,924)	1,342	141	2,334
<i>Designated funds</i>						
Church Schools Fund	541	-	-	-	-	541
Church House planned maintenance	376	93	73	80	-	622
Programme related investments: properties	3,225	-	-	-	-	3,225
CHARM (*)	411	-	-	-	-	411
Other designated funds	1,374	227	(153)	30	-	1,478
Total designated funds	5,927	320	(80)	110	-	6,277
Total unrestricted funds before pension reserve	8,122	14,900	(16,004)	1,452	141	8,611
Pension deficit reserve	(2,404)	-	645	-	-	(1,759)
Total unrestricted funds	5,718	14,900	(15,359)	1,452	141	6,852
Restricted funds						
Training for ministry fund (*)	2,572	14,676	(14,676)	-	-	2,572
Grants & provisions fund (*)	323	1,241	(1,196)	(20)	-	348
Mission agencies pension contributions (*)	389	557	(661)	-	-	285
CHARM (*)	400	5,300	(5,299)	-	-	401
Dioceses Fund	1,016	2	-	-	-	1,018
Legal costs	1,096	2	(193)	20	-	925
Strategic Development Funding (Diocesan)	-	22,562	(22,562)	-	-	-
Strategic Development Funding (Non-Diocesan)	1,119	-	(700)	-	-	419
Lowest Income Communities Funding (LiNC)	-	26,442	(26,442)	-	-	-
Transition Funding	-	8,261	(8,261)	-	-	-
Cathedral and Major Churches Grant Scheme	-	10,083	(9,933)	-	-	150
Additional Ordinands Funding	-	2,481	(2,481)	-	-	-
Strategic Ministry Funding	-	5,545	(5,545)	-	-	-
Sustainability Funding	-	14,922	(14,922)	-	-	-
National Giving Strategy	-	1,699	(1,699)	-	-	-
Strategic Transformation Funding	-	11,442	(11,442)	-	-	-
Safeguarding Funding	-	1,752	(1,752)	-	-	-
Digital Funding	-	1,445	(1,445)	-	-	-
Other restricted funds	1,408	3,062	(3,395)	-	-	1,075
Total restricted funds	8,323	131,474	(132,604)	-	-	7,193
Endowment funds						
<i>Expendable endowment funds</i>						
The Archbishops' Council Ministerial Training Trust Fund	916	53	(41)	(106)	82	904
Church Colleges of Education Fund	3,904	23	(75)	-	381	4,233
Church and Community Fund	20,870	(1)	(102)	(1,285)	1,917	21,399
Church of England Special Purposes Fund	1,822	-	-	-	182	2,004
Women's Continuing Ministerial Education Trust	1,636	-	(58)	(1)	160	1,737
MPA Sundry Funds	489	-	-	(55)	20	454
Other expendable endowment funds	1,211	2	(8)	(5)	50	1,250
Total expendable endowment funds	30,848	77	(284)	(1,452)	2,792	31,981
<i>Permanent endowment funds</i>						
The Archbishops' Council Ministerial Training Trust Fund	1,711	-	-	-	113	1,824
Church Colleges of Education Fund	746	-	(2)	-	49	793
Other permanent endowment funds	1,037	23	(23)	-	50	1,087
Total permanent endowment funds	3,494	23	(25)	-	212	3,704
Total endowment funds	34,342	100	(309)	(1,452)	3,004	35,685
Total funds of the charity	48,383	146,474	(148,272)	-	3,145	49,730

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. Statement of funds (continued)

Fund	Fixed Assets	Cash & Short Term Deposits	Debtors	Creditors	Provision for Pension Liability	Net assets
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	4,794	2,864	2,457	(1,504)	(1,759)	6,852
Restricted Funds	-	14,909	130,754	(138,470)	-	7,193
Endowment Funds	34,102	1,595	29	(41)	-	35,685
Total	38,896	19,368	133,240	(140,015)	(1,759)	49,730

16. Pensions

Most staff of the Council are members of the Church Administrators Pension Schemes (CAPF) and a small number of ordained staff are members of the Church of England Funded Pension Scheme (CEFPS). Both schemes are administered by the Church of England Pensions Board which publishes the schemes' financial statements.

The table below shows the value of the Council's pension provision for each scheme:

	2021	2020
	£'000	£'000
CAPF	1,126	1,738
CEFPS	16	21
Total	1,142	1,759

In addition, the closed Central Board of Finance Lump Sum Scheme provides benefits for former staff of the CBF.

The average number of the Council's staff within each scheme was:

	CAPF: defined benefit scheme	CAPF: defined contribution scheme	CEFPS	Total
2021	12	135	12	159
2020	12	115	12	139

Church Administrators Pension Fund (CAPF)

Defined benefit scheme: Staff who commenced service before 1 July 2006 are entitled to pension benefits based on final pensionable pay for service up to 30 June 2010 and career average for service from 1 July 2010. Increases of pension in payment and preserved pensions are linked to the consumer and retail price indices. There are no other post-retirement benefits.

The contributions to the scheme are assessed by an independent qualified actuary using the projected unit method of valuation. A valuation of this section is carried out every three years, the most recent having been at 31 December 2019. This revealed a deficit of £9.1m for the entire scheme. Following the valuation, the employers have collectively entered into an agreement with CAPF to pay contributions of 27.6% of Pensionable Salaries with effect from 1 January 2021. The employers also agreed to make deficit payments of £2,400,000 per annum from 2021 (increasing each 1 January by 3.3% per annum) payable in monthly instalments until December 2023, in respect of the shortfall in the Defined Benefit Section. These deficit contributions are made by each employer in proportion to Pensionable Salaries of those in the Defined Benefit Section.

The table below shows the movement on the provision in respect of the Council:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

16. Pensions (continued)

	Provision brought forward	Contributions paid	Interest charged on provision	Adjustment to net present value of provision	Provision carried forward
	£'000	£'000	£'000	£'000	£'000
Council staff	1,135	(389)	2	8	756
Share of ChECS staff	603	(192)	1	(43)	369
Total provision	1,738	(581)	3	(35)	1,125

This liability represents the present value of the deficit contributions agreed as at the accounting date. The discount rate applied to calculate the present value is 1.1% (2020: 0.2%).

In addition, the employers are responsible for making contributions towards the administration costs of the scheme of £500,000 (2020: £390,000). In 2021, the Council's share of these costs was £120,000 (2020: £71,000).

Defined contribution scheme: Staff who commenced service after 30 June 2006 are entitled to pensions earned from the contributions paid into a personal pension scheme by the Council and themselves. The Archbishops' Council paid contributions of £648,000 in 2021 (2020: £573,000).

Church of England Funded Pension Scheme (CEFPS)

A small number of ordinands are members of the Church of England Funded Pension Scheme (CEFPS), also administered by the Church of England Pensions Board.

Each responsible body in the CEFPS, including dioceses, pays a common contribution rate. The contributions to the scheme are assessed by an independent qualified actuary using the projected unit method of valuation.

The last full valuation of the scheme, as at 31 December 2018, showed an overall deficit of £50m. As a result of this, a recovery plan was put in place until 31 December 2022. The deficit recovery contributions are set at 7.1% of pensionable stipends until December 2022.

The table below shows the movement on the provision:

	Provision brought forward	Contributions Paid	Interest charged on provision	Adjustment to net present value of provision	Provision carried forward
	£'000	£'000	£'000	£'000	£'000
Council staff	21	(19)	-	14	16
Total provision	21	(19)	-	14	16

Central Board of Finance Lump Sum Scheme

The Central Board of Finance Lump Sum Scheme provides retirement benefits to former staff of the Central Board of Finance (CBF). Due to the preserved nature of the CBF lump sum pension liability, provision for the fixed cash payments has been made in a designated fund. At 31 December 2021 there were 10 (2020: 10) former CBF employees entitled to receive lump sums upon reaching retirement age. The Scheme has HMRC approval under section 20 of the Finance Act 1970. The table below shows the sum set aside in a designated fund to provide for these in future.

	Fund brought forward	Lump sums paid	Fund carried forward
	£'000	£'000	£'000
Former CBF staff	28	-	28
Total fund	28	-	28

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

17. Operating leases

The amount due for land and buildings within the next 12 months, on a lease with the Corporation of the Church House, is £1,176,595 (12 months from 31 December 2020: £1,176,595). The cost is shared with the other NCIs. The current lease ends at 31st December 2022.

18. Funds held on behalf of others

The Council is custodian trustee for a number of funds which have trustees separate and independent from the Council but where the Council holds the trusts' investments on their behalf. The funds had a combined income of £23,000 (2020: £26,000), expenditure of £347,000 (2020: £49,000) and net assets of £3,761,000 (2020: £3,700,000).

19. Related parties

The following amounts were paid to related parties in respect of grant funding (Church Urban Fund) and conference attending costs (Fresh Expressions) from the Archbishops' Council:

- £203,000 (2020: £203,000) paid to Church Urban Fund in respect of grant funding
- £1,000 paid to Fresh Expressions in respect of licence fees (2020: £600 in respect of conference costs)

Church Urban Fund and Fresh Expressions are classified as related parties to the Archbishops' Council as the Archbishops' Council appoints some of the trustees of Church Urban Fund and Fresh Expressions.

The following amounts were received from related parties in respect of accommodation recharges and other agreements:

- £Nil (2020: £101,000) paid by Church Urban Fund.

Pension Schemes

Details of amounts paid to the pension schemes are disclosed in note 16.

Jointly Controlled Entities

Church of England Central Services

ChECS is a charitable jointly controlled entity between the Archbishops' Council, the Church Commissioners, and the Church of England Pensions Board for which the three partners hold equal shares. The purpose of ChECS is to enhance the efficiency and effectiveness of the charitable national and diocesan institutions of the Church of England and of other charities with a church ethos, by facilitating the provision of cost-effective shared financial, legal and other services.

The charity was registered with the Charity Commission on 31 December 2013 and started operating from 1 April 2014. Prior to this, shared services were provided by each of the NCIs. Management of these services, provided by The Archbishops' Council, Church Commissioners and the Church of England Pensions Board, remained unchanged.

At the balance sheet date, the Council's share of net assets of ChECS was £nil (2020: £nil) and £111,000 was owed to the Council by ChECS (2020: £336,000 was owed to ChECS by the Council). During the year, the Council contributed to the costs of ChECS, as set out in note 9 of these accounts.

Safe Spaces England and Wales

Safe Spaces England and Wales (Safe Spaces) is a charitable jointly controlled entity between the Archbishops' Council and the Catholic Trust for England and Wales (CaTEW). The purpose of Safe Spaces is to provide support for those affected by church related abuse (of any kind), in the form of a helpline, a website providing information and advice to survivors and their families, and up to 10 community based survivor led therapeutic support groups, both

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

19. Related parties (continued)

faith-based and secular. At the balance sheet date, the Council included Safe Spaces as a programme related investment of £nil (2020: £nil) as set out in note 10. £82,000 (2020: £52,000) was owed to the Council by Safe Spaces at the end of the year.

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